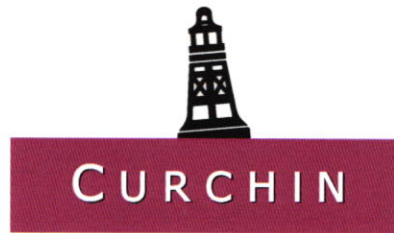


**INDEGO AFRICA PROJECT**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

# INDEGO AFRICA PROJECT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Indego Africa Project

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, 2015 and 2014 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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.

### THE CURCHIN GROUP LLC

ASSURANCE SERVICES :: TAX :: FINANCIAL PLANNING :: BUSINESS ADVISORY

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## Opinion

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, 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.

A handwritten signature in black ink that reads "The Curchin Group". The script is cursive and fluid.

THE CURCHIN GROUP, LLC

Red Bank, New Jersey  
August 2, 2016

**INDEGO AFRICA PROJECT  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
<b>ASSETS (USD)</b>		
CURRENT ASSETS:		
Cash and equivalents	\$ 252,710	\$ 113,320
Accounts receivable	32,192	25,597
Contributions receivable	-	60,000
Merchandise for resale	<u>100,844</u>	<u>59,439</u>
Total Current Assets	<u>\$ 389,230</u>	<u>\$ 258,356</u>
<b>LIABILITIES AND NET ASSETS (USD)</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 24,200	\$ 15,386
Notes payable - related parties	30,000	35,000
Deferred revenue	<u>-</u>	<u>66,425</u>
Total Current Liabilities	54,200	116,811
NET ASSETS:		
Unrestricted	120,603	111,545
Temporarily restricted	<u>214,427</u>	<u>30,000</u>
Total Net Assets	<u>335,030</u>	<u>141,545</u>
	<u>\$ 389,230</u>	<u>\$ 258,356</u>

*See accompanying notes to financial statements.*

**INDEGO AFRICA PROJECT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

(USD)	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Contributions	\$ 271,540	\$ -	\$ 271,540
Foundation grants	-	289,355	289,355
Product sales - net of expense of \$316,196	74,415	-	74,415
Fundraising events	14,832	-	14,832
Investment income	100	-	100
Currency exchange gain (loss)	(496)	-	(496)
	360,391	289,355	649,746
Net assets released from restrictions	104,928	(104,928)	-
TOTAL REVENUE AND OTHER SUPPORT	465,319	184,427	649,746
EXPENSES:			
Program services	397,953	-	397,953
Supporting services:			
Fundraising	20,918	-	20,918
Management and general	37,390	-	37,390
Total supporting services	58,308	-	58,308
TOTAL EXPENSES	456,261	-	456,261
CHANGE IN NET ASSETS	9,058	184,427	193,485
NET ASSETS, BEGINNING OF YEAR	111,545	30,000	141,545
NET ASSETS, END OF YEAR	\$ 120,603	\$ 214,427	\$ 335,030

*See accompanying notes to financial statements.*

**INDEGO AFRICA PROJECT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014**

(USD)	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions	\$ 318,033	\$ -	\$ 318,033
Foundation grants	-	60,000	60,000
Product sales - net of expense of \$173,527	26,368	-	26,368
Fundraising events	12,383	-	12,383
Investment income	1	-	1
Realized loss on sale of assets	(1,713)	-	(1,713)
Currency exchange gain (loss)	<u>(989)</u>	<u>-</u>	<u>(989)</u>
	354,083	60,000	414,083
Net assets released from restrictions	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	384,083	30,000	414,083
EXPENSES:			
Program services	<u>317,159</u>	<u>-</u>	<u>317,159</u>
Supporting services:			
Fundraising	28,518	-	28,518
Management and general	<u>34,249</u>	<u>-</u>	<u>34,249</u>
Total supporting services	<u>62,767</u>	<u>-</u>	<u>62,767</u>
TOTAL EXPENSES	<u>379,926</u>	<u>-</u>	<u>379,926</u>
CHANGE IN NET ASSETS	<u>4,157</u>	<u>30,000</u>	<u>34,157</u>
NET ASSETS, BEGINNING OF YEAR	<u>107,388</u>	<u>-</u>	<u>107,388</u>
NET ASSETS, END OF YEAR	<u>\$ 111,545</u>	<u>\$ 30,000</u>	<u>\$ 141,545</u>

*See accompanying notes to financial statements.*

**INDEGO AFRICA PROJECT  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31,**

	2015				2014			
	Support Services				Support Services			
(USD)	Program Services	Fundraising	Management & General	Total Expenses	Program Services	Fundraising	Management & General	Total Expenses
Salaries and related expenses:								
Salaries	\$206,519	\$ 14,000	\$ 11,623	\$ 232,142	\$193,784	\$ 15,707	\$ 13,600	\$ 223,091
Employee benefits	3,772	254	212	4,238	2,351	191	165	2,707
Payroll taxes	13,370	901	751	15,022	13,985	1,133	981	16,099
Total salaries and related expenses	223,661	15,155	12,586	251,402	210,120	17,031	14,746	241,897
Other expenses:								
Basic Business Training and Leadership								
Academy programs	40,517	-	-	40,517	44,468	-	-	44,468
Market Access program	50,186	-	-	50,186	23,886	-	-	23,886
Ghana Project	45,827	-	-	45,827	-	-	-	-
Contract labor	2,480	-	-	2,480	-	-	-	-
Rent	8,632	-	-	8,632	8,337	-	-	8,337
Office expense	5,577	-	294	5,871	4,831	-	254	5,085
Insurance	1,250	-	834	2,084	2,116	-	1,410	3,526
Licenses and permits	157	21	31	209	444	59	89	592
Bad debt	771	-	-	771	-	-	-	-
Professional fees	-	-	23,645	23,645	-	-	17,750	17,750
Advertising	11,500	1,825	-	13,325	12,976	2,981	-	15,957
Travel and entertainment	4,211	222	-	4,433	4,813	243	-	5,056
Fundraising	-	3,695	-	3,695	-	8,204	-	8,204
Bank charges	3,184	-	-	3,184	2,847	-	-	2,847
Total other expenses	174,292	5,763	24,804	204,859	104,718	11,487	19,503	135,708
Total expenses before depreciation	397,953	20,918	37,390	456,261	314,838	28,518	34,249	377,605
Depreciation	-	-	-	-	2,321	-	-	2,321
Total expenses	\$397,953	\$ 20,918	\$ 37,390	\$ 456,261	\$317,159	\$ 28,518	\$ 34,249	\$ 379,926
% of total expenses	87%	5%	8%	100%	83%	8%	9%	100%

*See accompanying notes to financial statements.*



**INDEGO AFRICA PROJECT  
STATEMENTS OF CASH FLOWS  
YEAR ENDED DECEMBER 31,**

(USD)	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 193,485	\$ 34,157
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation expense	-	2,321
Realized loss on sale of asset	-	1,713
Changes in operating assets and liabilities:		
Accounts receivable	(6,595)	(4,259)
Contributions receivable	60,000	(60,000)
Merchandise for resale	(41,405)	(16,047)
Prepaid expenses	(3,484)	-
Accounts payable and accrued expenses	8,814	(5,426)
Deferred revenue	<u>(66,425)</u>	<u>66,425</u>
Net cash flows from operating activities	<u>144,390</u>	<u>18,884</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of assets	<u>-</u>	<u>5,715</u>
Net cash flows from investing activities	<u>-</u>	<u>5,715</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New borrowings on notes payable	-	35,000
Principle payments on notes payable	<u>(5,000)</u>	<u>-</u>
Net cash flows from financing activities	<u>(5,000)</u>	<u>35,000</u>
<b>NET CHANGE IN CASH AND EQUIVALENTS</b>	<b>139,390</b>	<b>59,599</b>
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>113,320</u></b>	<b><u>53,721</u></b>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 252,710</u></b>	<b><u>\$ 113,320</u></b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

*See accompanying notes to financial statements*

**INDEGO AFRICA PROJECT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Nature of the Organization** - Indego Africa Project (the "Organization") is a non-profit Organization qualified under Section 501(c)(3) of the Internal Revenue Code and was formed in 2006. The Organization is an innovative social enterprise that partners with female artisans in Rwanda on a fair trade basis to drive forward a sustainable, long-term solution to systemic poverty in Africa. The Organization's support comes primarily through product sales, donations, and fundraisers.

IAR Innovations Ltd., a related company of Indego Africa Project, was formed on May 22, 2012. IAR Innovations Ltd. (the "Company") is a Rwandan company limited by shares pursuant to and in accordance with the Companies Act of the Republic of Rwanda.

**Basis of Presentation** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The statements have been prepared in US dollars (USD). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There are no permanently restricted assets in the years presented.

**Contributions** - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire 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 restrictions. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Donated Services, Materials, and Facilities** - Donated materials are recorded as contributions at their estimated fair values at the date of donation.

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Unpaid volunteer officers, committees, and instructors conduct portions of the Organization's functions. The value of this contributed time is not reflected in the accompanying financial statements since the volunteer's time does not meet the criteria for recognition under the guidance in *Accounting for Contributions Received and Contributions Made*.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

**INDEGO AFRICA PROJECT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**Cash and Equivalents** - The Organization considers all highly liquid debt instruments purchased with a maturity date of three months or less and certificates of deposit that do not contain material early withdrawal penalties to be cash equivalents.

**Accounts Receivable** - Accounts receivable are recorded primarily for product sales and are reported at net realizable value if the amounts are due within one year. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. No allowance for doubtful accounts was considered necessary as of December 31, 2015 and 2014.

**Investments** - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are reflected on the statement of activities.

Donated investments are recorded at their market value at the date of gift. Investments in closely-held corporate stock will be recorded at appraised value when determinable. Unless specific prohibitive clauses are contained in the gift instruments, funds for investments have been combined into one investment pool. Income earned from the ownership or disposition of pooled investments are allocated to the various funds based on the percentage of ownership interest of such funds in the investment pool. Gains or losses on the sale of investments are determined based on the specific identification method.

**Inventories** - Merchandise held for sale consists of artisan products for wholesale and retail sale. Inventories are 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, 2015 and 2014, the Organization's entire inventory is produced in the country of Rwanda.

**Property and Equipment** - The Organization capitalizes property and equipment over \$1,000. Property and equipment are carried at cost, less accumulated depreciation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The costs of repairs and maintenance are expensed in the period incurred.

**Income Taxes** - The Organization is a non-profit organization qualifying under Section 501(c)(3) of the Internal Revenue Code and, accordingly, applicable New York State law. No provision for federal or state income taxes is required.

The Organization has not incurred any interest or penalties related to income tax expense during the year ended December 31, 2015.

**Deferred Revenue** - The Organization recognizes revenue in the period in which the related program or activity is performed. Accordingly, fees received in advance for the upcoming year are deferred until the program or activity commences.

**Functional Allocation of Expenses** - The costs of providing the Organization's programs and supporting services have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**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 generally reported in the statements of activities under revenue and other support.

**INDEGO AFRICA PROJECT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

***Date of Management's Review*** - In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 2, 2016, the date the financial statements were available to be issued.

***Advertising Costs*** - Advertising costs are expensed as incurred. Total advertising expense for the years ended December 31, 2015 and 2014 was \$13,325 and \$15,957, respectively.

**NOTE 2 - NOTES PAYABLE - RELATED PARTIES:**

Notes payable represent loans from the board of directors granted to the Organization totaling \$30,000 and \$35,000 as of December 31, 2015 and 2014, respectively. The loans are unsecured, non-interest bearing, and may be converted to contributions at the request of the grantors. As of December 31, 2015 there is no set maturity for these loans.

**NOTE 3 - LEASE COMMITMENT:**

In December 2013, the Organization entered into a lease for office space located in Kigali, Rwanda. The lease called for monthly payments of approximately \$1,400 through December 31, 2014. In December 2014, the Organization renegotiated the terms of the lease through December 31, 2015. Effective December 1, 2014 through December 31, 2015, monthly rent is \$700. The lease contained provisions for two additional twelve month extensions at the same monthly rent of \$700. The lease was extended on the same terms through December 31, 2016, with two additional twelve month extensions available.

**NOTE 4 - CONCENTRATIONS OF 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 and Rwanda. 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. At times, cash balances may exceed insured limits.

For the year ending December 31, 2015 grants from one grantor represented approximately 38% of overall revenue and support.

**NOTE 5 - CONCENTRATION RISKS AND UNCERTAINTIES:**

A significant portion of the Organization's programs are conducted in Rwanda in addition to operations and administration in the United States of America. Because the Organization operates in Rwanda, its cash flows are denominated not only in U.S. dollars, but also in Rwandan francs. 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.