

SEEDS OF AFRICA FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2014

SEEDS OF AFRICA FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Seeds of Africa Foundation
New York, New York

We have audited the accompanying financial statements of Seeds of Africa Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seeds of Africa Foundation as of December 31, 2014, 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.

Report on Summarized Comparative Information

We have previously reviewed the Seeds of Africa Foundation 2013 financial statements, and we were not aware of any material modifications that should be made to those reviewed financial statements in our report dated July 13, 2015. The summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Prior Period Financial Statements

The 2013 financial statements were reviewed by us, and our report thereon, dated July 13, 2015, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
July 13, 2015

SEEDS OF AFRICA FOUNDATION
Statements of Financial Position
December 31, 2014 and 2013

	2014 (Audited)	2013 (Reviewed)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 177,102	\$ 59,071
Contributions receivable - net	781,756	-
Prepaid expenses	735	-
	\$ 959,593	\$ 59,071
Total Assets		
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ -	\$ 5,257
Due to related party	-	2,650
Total current liabilities	-	7,907
Net Assets		
Unrestricted	159,593	51,164
Temporarily restricted	800,000	-
Total net assets	959,593	51,164
Total Liabilities and Net Assets	\$ 959,593	\$ 59,071

The accompanying notes are an integral part of these financial statements.

SEEDS OF AFRICA FOUNDATION
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)

	Unrestricted (Audited)	Temporarily Restricted (Audited)	Total 2014 (Audited)	Total 2013 (Reviewed)
Support and Revenue				
Direct public support	\$ 119,216	\$ 1,000,000	\$ 1,119,216	\$ 175,525
Indirect public support	49,332	-	49,332	-
Corporate contributions	15,000	-	15,000	-
Interest income	22	-	22	12
Subtotal	<u>183,570</u>	<u>1,000,000</u>	<u>1,183,570</u>	<u>175,537</u>
Net assets released from restriction	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>383,570</u>	<u>800,000</u>	<u>1,183,570</u>	<u>175,537</u>
Expenses				
Business expenses	1,922	-	1,922	3,294
Contract services	17,243	-	17,243	12,648
Development expenses	25,967	-	25,967	12,185
Equipment rental and maintenance	975	-	975	2,236
Ethiopia expenses	73,646	-	73,646	61,193
Independent contractors	45,450	-	45,450	78,588
Insurance	3,846	-	3,846	-
Operations	10,901	-	10,901	10,761
Other expense	1,028	-	1,028	-
Payroll taxes	3,294	-	3,294	-
Promotions and marketing	4,976	-	4,976	3,375
Salaries and wages	55,000	-	55,000	1,200
Travel and meetings	30,893	-	30,893	11,281
Total expenses	<u>275,141</u>	<u>-</u>	<u>275,141</u>	<u>196,761</u>
Change in Net Assets	<u>108,429</u>	<u>800,000</u>	<u>908,429</u>	<u>(21,224)</u>
Net Assets - Beginning	<u>51,164</u>	<u>-</u>	<u>51,164</u>	<u>72,388</u>
Net Assets - Ending	<u>\$ 159,593</u>	<u>\$ 800,000</u>	<u>\$ 959,593</u>	<u>\$ 51,164</u>

The accompanying notes are an integral part of these financial statements.

SEEDS OF AFRICA FOUNDATION
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014 (Audited)	2013 (Reviewed)
Cash Flows from Operating Activities		
Change in net assets	\$ 908,429	\$ (21,224)
Changes in assets and liabilities		
Contributions receivable	(781,756)	-
Prepaid expenses	(735)	-
Accounts payable and accrued expenses	(5,257)	5,257
Net cash flows from operating activities	<u>120,681</u>	<u>(15,967)</u>
Cash Flows from Financing Activities		
Net change in due to related party	<u>(2,650)</u>	<u>2,650</u>
Net Change in Cash and Cash Equivalents	118,031	(13,317)
Cash and Cash Equivalents - Beginning	<u>59,071</u>	<u>72,388</u>
Cash and Cash Equivalents - Ending	<u>\$ 177,102</u>	<u>\$ 59,071</u>

The accompanying notes are an integral part of these financial statements.

SEEDS OF AFRICA FOUNDATION
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Nature of Organization

Nature of Organization - Seeds of Africa Foundation ("the Organization") seeks to create a self-sustaining model for education and community development that can be replicated in other African communities by educating and nurturing gifted children, young adults and communities with support that meets basic needs, an innovative curriculum and community development programs.

Method of Accounting - The Organization maintains its books and prepares its financial statements on the accrual basis of accounting.

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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Boards (FASB) Accounting Standards Codification (ASC) 958. Under ASC 958, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2014 and 2013, all of the net assets of the Organization were reported as follows:

Unrestricted Net Assets - Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations and are generally available for support of the Organization's activities.

Temporarily Restricted Net Assets - The Organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 restriction. As of December 31, 2014, the Organization has \$800,000 in temporarily restricted net assets from a donor to be received in annual installments of \$200,000 through 2018. There are no purpose restrictions on these funds, just the aforementioned timing restriction.

Cash and Cash Equivalents - The Organization considers cash and cash equivalents to include money market accounts and all highly liquid debt instruments with original maturities of three months or less, if any. The Organization maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

Contributions Receivable - Receivables are stated at the amount management expects to collect from balances outstanding at year end. On an annual basis, management reviews the receivable account balances and considers whether they believe that there will be issues with collection. Management includes any receivable balances that are determined to be uncollectible, along with a general reserve, if necessary, in the allowance for doubtful accounts. Receivables are written off as a charge to bad debt expense when, in management's estimation, it is probable that the receivable is not going to be collected. Based on the information available, management believes all receivables to be fully collectible as of December 31, 2014 and accordingly has not recorded an allowance for doubtful accounts.

Public Support and Contributions - Public support and contributions that are restricted by the donor are reported as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions.

SEEDS OF AFRICA FOUNDATION
Notes to Financial Statements

Income Taxes - The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization is not a private foundation.

In accordance with ASC 740-10-50, the Organization recognizes the tax benefit from uncertain tax positions only if it is more likely that not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Organization is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecognized tax benefits has been included on the Organization's financial statements. The Organization's open audit periods are 2012 - 2014.

Promotions and Marketing - The Organization expenses all promotions and marketing costs as they are incurred.

Subsequent Events - Management has evaluated subsequent events through the date of the report, which is the date these financial statements were available to be issued.

Note 2. Contributions Receivable

Contributions receivable are discounted to reflect the net present value of future payments. The discount is determined based on the year the pledge contribution is made. As of December 31, 2014, the Organization used a discount rate of 1.56%.

	<u>2014</u>	<u>2013</u>
Gross receivables due within one year	\$ 200,000	\$ -
Gross receivables due in two to five years	600,000	-
Less: discount to present value	(18,244)	-
Net contributions receivable due in two to five years	<u>581,756</u>	<u>-</u>
Total net contributions receivable	<u>\$ 781,756</u>	<u>\$ -</u>

Note 3. Due to Related Party

During the year ended December 31, 2013, the Organization experienced some cash flow issues and needed additional funding in order to meet upcoming expenses. As a result, a member of the Board of Directors loaned \$2,650 to the Organization. This amount has been paid in full during 2014.

Note 4. Functional Expenses

The Organization's expenses by functional classification were as follows for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Management and general	\$ 44,313	\$ 19,836
Fundraising	108,970	54,203
Program	121,858	122,722
Total functional expenses	<u>\$ 275,141</u>	<u>\$ 196,761</u>

SEEDS OF AFRICA FOUNDATION
Notes to Financial Statements

Note 5. Reclassifications

Certain reclassifications have been made to the financial statements for the year ended December 31, 2013. These reclassifications are for comparative purposes only and have no effect on change in net assets as originally reported.