DETERMINED TO DEVELOP

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

WSSR

Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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August 3, 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Determined to Develop

We have audited the accompanying consolidated financial statements of Determined to Develop (a nonprofit corporation) and its subsidiary (the Organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expense, 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 consolidated 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 consolidated financial statements based on our audits. 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 consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Emphasis of Matter

As described in Note 1 of the financial statements, the Organization implemented Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* and ASU No. 2018-08 *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Opinion

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In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating financial statements on pages 13 and 14 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

Whited Seigneur Sams & Rahe

DETERMINED TO DEVELOP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current Assets	
Cash and Cash Equivalents	$ 257,909
Other Assets	1,707
Total Current Assets	259,616
Property & Equipment, Net	508,197
Total Assets	$ 767,813

LIABILITIES AND NET ASSETS

Net Assets	
Net Assets With Donor Restrictions	$ 115,515
Net Assets Without Donor Restrictions	652,298
Total Net Assets	767,813
Total Liabilities and Net Assets	$ 767,813

DETERMINED TO DEVELOP
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Support			
Direct Contributions	$ 364,167	$ 158,659	$ 522,826
Gifts In-Kind	7,899	-	7,899
Total Support	372,066	158,659	530,725
Grants	1,900	-	1,900
Other Income	271	-	271
Net Assets Released from Restrictions			
Satisfaction of Restrictions	68,964	(68,964)	-
Total Revenues and Support	443,201	89,695	532,896
Expenses			
Program Expense	342,558	-	342,558
Fundraising Expense	25,335	-	25,335
Management and General Expense	24,948	-	24,948
Total Operating Expenses	392,841	-	392,841
Change in Net Assets			
Profit/(Loss) from Operations	50,360	89,695	140,055
Change in Exchange Rate Equity	(1,521)	-	(1,521)
Total Change in Net Assets	48,839	89,695	138,534
Net Assets, Beginning of Year	603,459	25,820	629,279
Net Assets, End of Year	$ 652,298	$ 115,515	$ 767,813

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

DETERMINED TO DEVELOP
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2019

	Program	Fundraising	Management & General	Consolidated Total
Feeding Expense	$ 40,696	$ -	$ -	$ 40,696
Construction Expense	10,066	-	-	10,066
Education and Upkeep Expense	169,241	1,636	-	170,877
Other Project Expenses	56,861	2,271	2,149	61,281
Salaries	36,731	7,484	7,216	51,431
Depreciation	22,660	-	-	22,660
Financial Processing Fees	-	-	10,593	10,593
Travel Expenses	3,506	8,330	-	11,836
Miscellaneous Expense	2,797	5,614	4,990	13,401
Total	$ 342,558	$ 25,335	$ 24,948	$ 392,841

DETERMINED TO DEVELOP
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

Cash Flows From Operating Activities	
Change in Net Assets	$ 140,055
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	22,660
Changes in Operating Assets & Liabilities	
(Increase) Decrease in Other Assets	(1,141)
Net Cash Flows Provided (Used) by Operating Activities	161,574
Cash Flows From Investing Activities	
Acquisition of Fixed Assets	(25,046)
Net Cash Flows (Used) by Investing Activities	(25,046)
Effect of Exchange Rate Changes on Cash	(1,521)
Net Increase (Decrease) in Cash, Restricted Cash, and Cash Equivalents	135,007
Cash, Restricted Cash, and Cash Equivalents, Beginning of Year	122,902
Cash, Restricted Cash, and Cash Equivalents, End of Year	$ 257,909

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Description of the Entity**

The purpose of the U.S. based Organization is to empower, through education, the people of Malawi to become agents of development for their families, communities, country, and world. The operation is based in the rural community of Chilumba, in the Karonga district of northern Malawi and works side-by-side with members of the community to address their needs and provide assistance in the overall development of the wider region. Determined to Develop delivers services through education, support, and empowerment. It serves the educational needs of the surrounding geographic area of Chilumba, as well as the country as a whole. This relies on relationships with families, communities, stakeholders, and partners to help facilitate the delivery of educational support. Determined to Develop aims to support vulnerable people and those who need help the most. It focuses on youth, knowing that they are the group that will be the change-makers in Malawian society. Determined to Develop delivers support without judgment, with sensitivity to needs, strengths, barriers, and circumstances. Education and youth support, especially for the girl child, is the number one focus area, reflecting the priorities of the community.

In 2017, the Friends of Wasambo Education Foundation, LLC (FWEF) was created with Determined to Develop as the sole member. The purpose of this nonprofit company is raising money to fund the construction and operation of a school in rural Malawi, Africa. These consolidated financial statements incorporate the financial statements for FWEF.

- **Principles of Consolidation**

The consolidated financial statements include the accounts of Determine to Develop and its subsidiary, as identified above. All material inter-organizational transactions and balances have been eliminated. The Organization and its subsidiary maintain the same fiscal period and follow generally accepted accounting principles.

- **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

- **Cash and Cash Equivalents**

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents for purposes of the Statement of Cash Flows. Cash equivalents are stated at cost, which approximates market value.

- **Federal Income Tax**

No provisions are made for federal, state or local income tax because the non-profit charity is tax exempt from most federal, state and local taxes under the provisions of the Internal Revenue Code for 501(c)(3) entity. All IRS Form 990, Return of Organization Exempt from Income Tax, have been timely filed and are subject to examination by the IRS, generally for three years after they are filed.

- **Accounts Receivable**

Accounts receivable are stated at unpaid balances. It is the Organization’s policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Estimates**

  The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

- **Property and Depreciation**

  Expenditures for major renewals and betterments that extend the useful lives of equipment, furniture and leasehold improvements are capitalized if the cost exceeds $500 individually or as part of a group purchase. Expenditures for maintenance and repairs are charged to expense as incurred. Assets are recorded on the financial statements at cost. Costs incurred for major projects, such as the purchase and repairs of a facility, are accumulated in the construction in progress account until project completion and reclassified as a depreciable asset.

  Depreciation of depreciable assets is determined by the individual asset on a straight-line basis. Estimated useful lives for office equipment and furniture is 5- 7 years and buildings are 40 years.

- **Contributed Services & Facilities**

  A substantial number of unpaid volunteers, including the executive director, have made significant contributions of their time. In addition, the Organization does not pay for facilities for their African project. The value of these contributed items is not reflected in these statements since it is not susceptible to objective measurement or valuation.

- **Operation**

  The Organization considers support revenue and expense for the direct operation of the Organization's activities to be a change in net assets from operations.

- **Net Assets without Donor Restrictions**

  Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions. Additionally, net assets with donor restrictions in which the restriction expires in the same period in which the related asset is recognized are reported as net assets without donor restrictions.

- **Net Assets with Donor Restrictions**

  Net assets with donor restrictions are net assets that are subject to donor-imposed restrictions that may or will be met, either by the passage of time or manner of use. When the restriction expires, the donor restriction net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

- **Functional Expenses**

  The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services, fund raising activities, and supporting services benefited when direct program allocation is not feasible. Such allocations are determined by management on an equitable basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Advertising**

The Organization expenses advertising costs as they are incurred.

- **Date of Management's Review of Subsequent Events**

Management has evaluated subsequent events and transactions for potential recognition through August 3, 2020, the date the financial statements were available to be issued.

- **Change in Accounting Principle**

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* ASU 2016-18 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. Adopting this new accounting principle had no effect on the financial statements.

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*. The standard clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. The standard clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The standard also requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Adopting this new accounting principle had no effect on the financial statements.

2. AVAILABILITY AND LIQUIDITY

The Organization has $259,616 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of $257,909, and investments of $1,707. Of the financial assets available, $115,515 are subject to donor-imposed restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The organization operates on donations to meet daily operating expenses without going into a deficit and converts donated investments to cash as soon as feasible.

3. CONCENTRATIONS

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization has deposits at various banks. Currently, $250,000 of insurance is provided at each bank through FDIC. The Organization's deposits held at U.S. banks are fully covered by FDIC for the year ended December 31, 2019. The Organization's deposits at the bank in Africa are not covered by FDIC.

4. CUMULATIVE EXCHANGE RATE EQUITY

The Organization is based in the United States as a non-profit charity under IRS Code 501(c)(3) corporation and has opted to report its financial statements in U.S. dollars. The Organization has project operations in Malawi, Africa. Transactions occurring during the year are converted utilizing the current market exchange rates between the U.S. dollar and the Malawi kwacha at the time of the transaction. Certain estimates and valuations utilized in the preparation of the financial statements are valued as of the exchange rates at December 31, 2019. A variance may exist during the reporting process between the ending exchange rates and the historic exchange rate recorded at the time of the transaction. This creates cumulative exchange rate equity.

At December 31, 2019, the Organization has accumulated $525 in rate exchange equity. The gains and losses on these transactions are not to be accounted for on the statement of activities but will remain an equity account until the foreign operation is closed. The Organization is not involved in hedging activities nor does the equity transactions effect income taxes. The reported effect of the exchange rate was ($1,521) for fiscal year 2019. The ending exchange rate was approximately k760.00 for every $1 as compared to k737 as of the date of this report.

5. PROPERTY AND EQUIPMENT, NET

At December 31, 2019, property and equipment are comprised of the following:

Buildings	$415,113
Office Equipment	67,483
Total Depreciable Assets	482,596
Accumulated Depreciation	(59,504)
Net Depreciable Assets	423,092
Land	14,773
Construction-in-Progress	70,332
	$508,197

Depreciation expense was $22,660 for fiscal year 2019.

6. RELATED PARTY TRANSACTIONS

For 2019, the Friends of Wasambo Education Foundation, LLC had received $68,964 in funds from the Organization to assist with the school project.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements*, provides a framework for measuring fair value that requires an entity to determine fair value based on exit price in the principle market for the asset or liability being measured. Fair value is defined as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principle or most advantageous market available to the entity in an orderly transaction between market participants. The guidance also establishes a three-level value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 asset and liability fair values are based on quoted prices in active markets for identical assets and liabilities.
- Level 2 asset and liability fair values are based on observable inputs that include: quoted market prices for similar assets and liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 assets and liabilities are financial instruments whose value is calculated by the use of pricing models and/or discounted cash flow methodologies, as well as financial instruments for which the determination of fair value requires significant management judgment or estimation.

The investments held by the organization are considered Level 1 assets.

8. RESTRICTIONS ON NET ASSETS

The Organization received restricted funding from private donors for the purpose of assisting the projects funded by the Friends of Wasambo Education Foundation, LLC.

9. NEW ACCOUNTING STANDARDS

The Financial Accounting Standards Board (FASB) has adopted the following standards updates that will be effective in coming years. The Organization has not early implemented these changes.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 outlines a single, comprehensive model for companies to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. The Organization's revenue is mainly derived from donations, which is not impacted by this ASU. This Update will be effective for most not-for-profits for fiscal years beginning after December 15, 2019.

Accounting Standards Update No. 2016-02, *Leases* (Topic 842), will require that lessees record nearly all leases on the balance sheet. Lessors will see some changes too, largely made to align with the revised lessee model and the FASB's new revenue recognition guidance. This Update will be effective for most not-for-profits for fiscal years beginning after December 15, 2021.

10. SUBSEQUENT EVENTS

Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. and abroad have declared states of emergency. It is anticipated that these impacts will continue for some time. In response, the Government of Malawi shut down schools and universities to reduce the risk of spreading the virus shortly thereafter. Future potential impacts may include further disruptions or restrictions put in place for quarantining staff and resident students. Operating functions that may be changed include the Organization's ability for fund raising activities and an increase in medical expenses should confirmed cases of the virus be detected. Management has taken steps to reduce their risk of exposure by limiting those programs requiring large groups, reduction of expenses where possible, and continued monitoring of cash flows and events. The future effects of these issues are unknown.

DETERMINED TO DEVELOP
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current Assets	Determined to Develop	Friends of Wasambo Education Foundation, LLC	Eliminating Entries	Consolidated Totals
Cash and Cash Equivalents	$ 257,373	$ 536	$ -	$ 257,909
Other Assets	1,707	-	-	1,707
Total Current Assets	259,080	536	-	259,616
Property & Equipment, Net	508,197	-	-	508,197
Total Assets	$ 767,277	$ 536	$ -	$ 767,813

LIABILITIES AND NET ASSETS

Net Assets				
Net Assets With Donor Restrictions	$ 115,515	$ -	$ -	$ 115,515
Net Assets Without Donor Restrictions	651,762	536	-	652,298
Total Net Assets	767,277	536	-	767,813
Total Liabilities and Net Assets	$ 767,277	$ 536	$ -	$ 767,813

DETERMINED TO DEVELOP
CONSOLIDATING STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Revenues and Support	Determined to Develop	Friends of Wasambo Education Foundation, LLC	Eliminating Entries	Consolidated Totals
Support				
Direct Contributions	$ 522,826	$ -	$ -	$ 522,826
Gifts In-Kind	7,899	-	-	7,899
Total Support	530,725	-	-	530,725
Grants	1,900	68,964	(68,964)	1,900
Other Income	271	-	-	271
Total Revenues and Support	532,896	68,964	(68,964)	532,896
Expenses				
Program Expense	342,858	68,664	(68,964)	342,558
Fundraising Expense	25,335	-	-	25,335
Management and General Expense	24,689	259	-	24,948
Total Operating Expenses	392,882	68,923	(68,964)	392,841
Change in Net Assets				
Profit/(Loss) from Operations	140,014	41	-	140,055
Change in Exchange Rate Equity	(1,521)	-	-	(1,521)
Total Change in Net Assets	138,493	41	-	138,534
Net Assets, Beginning of Year	628,784	495	-	629,279
Net Assets, End of Year	$ 767,277	$ 536	$ -	$ 767,813