DETERMINED TO DEVELOP

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

Whited Seigneur Sams & Rahe, LLP
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July 17, 2019

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) (the Organization) and its subsidiary, which comprise the consolidated statement of financial position as of December 31, 2018, 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 (FASB) Accounting Standards Update No. 2016-14, Not-for-Profit (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Opinion

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, 2018, 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 12 and 13 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, 2018

ASSETS

Current Assets	
Cash and Cash Equivalents	$ 122,902
Other Assets	566
Total Current Assets	123,468
Property & Equipment, Net	505,811
Total Assets	$ 629,279

LIABILITIES AND NET ASSETS

Net Assets	
Net Assets With Donor Restrictions	$ 25,820
Net Assets Without Donor Restrictions	603,459
Total Net Assets	629,279
Total Liabilities and Net Assets	$ 629,279

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

DETERMINED TO DEVELOP
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Support			
Direct Contributions	$ 282,899	$ 112,889	$ 395,788
Gifts In-Kind	20,523	-	20,523
Total Support	303,422	112,889	416,311
Grants	11,900	-	11,900
Other Income	30	-	30
Net Assets Released from Restrictions			
Satisfaction of Restrictions	112,069	(112,069)	-
Total Revenues and Support	427,421	820	428,241
Expenses			
Program Expense	355,154	-	355,154
Fundraising Expense	24,358	-	24,358
Management and General Expense	31,567	-	31,567
Total Operating Expenses	411,079	-	411,079
Change in Net Assets			
Profit/(Loss) from Operations	16,342	820	17,162
Change in Exchange Rate Equity	(222)	-	(222)
Total Change in Net Assets	16,120	820	16,940
Net Assets, Beginning of Year	587,339	25,000	612,339
Net Assets, End of Year	$ 603,459	$ 25,820	$ 629,279

DETERMINED TO DEVELOP
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2018

	Program	Fundraising	Management & General	Consolidated Total
Feeding Expense	$ 36,655	$ -	$ -	$ 36,655
Construction Expense	5,504	-	-	5,504
Education and Upkeep Expense	199,641	-	-	199,641
Other Project Expenses	51,129	1,137	768	53,034
Salaries	16,590	5,274	5,277	27,141
Depreciation	23,875	-	-	23,875
Financial Processing Fees	247	819	15,474	16,540
Travel Expenses	6,082	10,752	24	16,858
Miscellaneous Expense	15,431	6,376	10,024	31,831
Total	$ 355,154	$ 24,358	$ 31,567	$ 411,079

DETERMINED TO DEVELOP
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

Cash Flows From Operating Activities		
Change in Net Assets	$	17,162
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		23,875
Changes in Operating Assets & Liabilities		
(Increase) Decrease in Other Assets		(566)
Net Cash Flows Provided (Used) by Operating Activities		40,471
Cash Flows From Investing Activities		
Acquisition of Fixed Assets		(13,100)
Net Cash Flows (Used) by Investing Activities		(13,100)
Effect of Exchange Rate Changes on Cash		(222)
Net Increase (Decrease) in Cash and Cash Equivalents		27,149
Cash and Cash Equivalents, Beginning of Year		95,753
Cash and Cash Equivalents, End of Year	$	122,902

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 the people of Malawi, Africa to implement sustainable, community-driven solutions that promote human advancement. Their focus of operation is based in the rural community of Chilumba, in the Karonga district of northern Malawi and work side-by-side with members of the community to address their needs and provide assistance in the overall development of the wider region. Their program focus in Malawi is to support the four cornerstones of their development model – Education & Youth, Health & Nutrition, Women's Empowerment, and Environment. The Organization's projects are deeply influenced and infused with the crosscutting issues of orphan care, gender equality and social justice. 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 differences in methods of accounting are not material.

- **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. Receivables are considered impaired if full principal payments are not received in a timely manner. 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 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 July 17, 2019, the date the financial statements were available to be issued.

- **Change in Accounting Principle**

The Financial Accounting Standards Board (FASB) has adopted the following standard update that was effective for the year ending December 31, 2018.

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented the pronouncement and adjusted the presentation of these statements accordingly. There was no change in the beginning net assets as a result of implementing this pronouncement.

These updates are expected to make improvements addressing:

- Complexity in net asset classification
- Presentation and disclosures for endowments
- Clarity of information regarding liquidity and availability of cash
- Transparency in reporting of financial performance measures
- Consistency in reporting expenses by function and nature
- Flexibility in preparation of the statement of cash flows

2. AVAILABILITY AND LIQUIDITY

The Organization has $123,468 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of $122,902, and investments of $566. Of the financial assets available, $25,820 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, 2018. The Organization's deposits at the banks 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, 2018. 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, 2018, the Organization has accumulated $2,047 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 ($222) for fiscal year 2018. The ending exchange rate was approximately k733.00 for every $1 as compared to k789 as of the date of this report.

5. PROPERTY AND EQUIPMENT, NET

At December 31, 2018, property and equipment are comprised of the following:

Buildings	$415,113
Office Equipment	67,483
Total Depreciable Assets	482,596
Accumulated Depreciation	(36,844)
Net Depreciable Assets	445,752
Land	14,773
Construction-in-Progress	45,286
	$505,811

Depreciation expense was $23,875 for fiscal year 2018.

6. RELATED PARTY TRANSACTIONS

For 2018, the Friends of Wasambo Education Foundation, LLC had received $112,069 in funds from the Organization to assist with the school project. An additional $25,820 was received by the organization at year-end and was subsequently transferred on January 10, 2019.

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

As of December 31, 2018, the Organization received restricted funding from private donors for the purpose of assisting the projects funded by the Friends of Wasambo Education Foundation, LLC. These funds have subsequently been transferred on January 10, 2019.

9. NEW ACCOUNTING STANDARDS

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

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, 2019.

Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, will eliminate the transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle-based approach for determining revenue recognition. This Update will be effective for most not-for-profits for fiscal years beginning after December 15, 2018.

DETERMINED TO DEVELOP
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Current Assets	Determined to Develop	Friends of Wasambo Education Foundation, LLC	Eliminating Entries	Consolidated Totals
Cash and Cash Equivalents	$ 122,407	$ 495	$ -	$ 122,902
Other Assets	566	-	-	566
Total Current Assets	122,973	495	-	123,468
Property & Equipment, Net	505,811	-	-	505,811
Total Assets	$ 628,784	$ 495	$ -	$ 629,279

LIABILITIES AND NET ASSETS

Net Assets	Determined to Develop	Friends of Wasambo Education Foundation, LLC	Eliminating Entries	Consolidated Totals
Net Assets With Donor Restrictions	$ 25,820	$ -	$ -	$ 25,820
Net Assets Without Donor Restrictions	602,964	495	-	603,459
Total Net Assets	628,784	495	-	629,279
Total Liabilities and Net Assets	$ 628,784	$ 495	$ -	$ 629,279

DETERMINED TO DEVELOP
CONSOLIDATING STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

Revenues and Support	**Determined to Develop**	**Friends of Wasambo Education Foundation, LLC**	**Eliminating Entries**	**Consolidated Totals**
Support				
Direct Contributions	$ 395,788	$ -	$ -	$ 395,788
Gifts In-Kind	20,523	-	-	20,523
Total Support	416,311	-	-	416,311
Grants	11,900	112,069	(112,069)	11,900
Other Income	30	-	-	30
Total Revenues and Support	428,241	112,069	(112,069)	428,241
Expenses				
Program Expense	354,893	112,330	(112,069)	355,154
Fundraising Expense	24,358	-	-	24,358
Management and General Expense	31,236	331	-	31,567
Total Operating Expenses	410,487	112,661	(112,069)	411,079
Change in Net Assets				
Profit/(Loss) from Operations	17,754	(592)	-	17,162
Change in Exchange Rate Equity	(222)	-	-	(222)
Total Change in Net Assets	17,532	(592)	-	16,940
Net Assets, Beginning of Year	611,252	1,087	-	612,339
Net Assets, End of Year	$ 628,784	$ 495	$ -	$ 629,279