

**DETERMINED TO DEVELOP
FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**



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DETERMINED TO DEVELOP

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April 8, 2016

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Determined to Develop

We have audited the accompanying financial statements of Determined to Develop (a nonprofit corporation) (the Organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 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 Organization'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 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 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 the Organization as of December 31, 2014 and 2013, 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.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

Whited Seigneur Sams & Rahe

**DETERMINED TO DEVELOP
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013**

ASSETS

Current Assets	<u>2014</u>	<u>2013</u>
Cash and Cash Equivalents	\$ 56,556	\$ 6,558
Accounts Receivable	5,000	-
Related Party Receivable	<u>20,004</u>	<u>12,952</u>
Total Current Assets	81,560	19,510
Property & Equipment, Net	<u>9,195</u>	<u>-</u>
Total Assets	<u>\$ 90,755</u>	<u>\$ 19,510</u>

LIABILITIES AND NET ASSETS

Net Assets		
Cumulative Exchange Rate	\$ (102)	\$ (6,963)
Unrestricted Net Assets	<u>90,857</u>	<u>26,473</u>
Total Net Assets	<u>90,755</u>	<u>19,510</u>
Total Liabilities and Net Assets	<u>\$ 90,755</u>	<u>\$ 19,510</u>

**DETERMINED TO DEVELOP
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	UNRESTRICTED	
	2014	2013
Revenues and Support		
Support		
Direct Contributions	\$ 148,849	\$ 99,096
Gifts In-Kind	7,111	1,861
Total Support	<u>155,960</u>	<u>100,957</u>
Grants	13,000	4,500
Other Income	<u>19</u>	<u>28</u>
Total Revenues and Support	<u>168,979</u>	<u>105,485</u>
Expenses		
Program Expense	92,288	94,384
Fundraising Expense	7,371	4,011
Management and General Expense	<u>4,936</u>	<u>3,406</u>
Total Operating Expenses	<u>104,595</u>	<u>101,801</u>
Change in Net Assets		
Profit/(Loss) from Operations	64,384	3,684
Change in Exchange Rate Equity	<u>6,861</u>	<u>(4,039)</u>
Total Change in Net Assets	71,245	(355)
Net Assets, Beginning of Year	<u>19,510</u>	<u>19,865</u>
Net Assets, End of Year	<u>\$ 90,755</u>	<u>\$ 19,510</u>

**DETERMINED TO DEVELOP
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2014**

	<u>Program</u>	<u>Fundraising</u>	<u>Management & General</u>	<u>Total</u>
Feeding Expense	\$ 22,691	\$ -	\$ -	\$ 22,691
Construction Expense	20,049	-	-	20,049
Education and Upkeep Expense	39,942	-	-	39,942
Other Project Expenses	6,131	951	-	7,082
Salaries	1,080	-	-	1,080
Depreciation	1,215	-	-	1,215
Financial Processing Fees	-	-	1,604	1,604
Travel Expenses	346	6,341	-	6,687
Miscellaneous Expense	834	79	3,332	4,245
Total	<u>\$ 92,288</u>	<u>\$ 7,371</u>	<u>\$ 4,936</u>	<u>\$ 104,595</u>

**DETERMINED TO DEVELOP
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2013**

	<u>Program</u>	<u>Fundraising</u>	<u>Management & General</u>	<u>Total</u>
Feeding Expense	\$ 14,864	\$ -	\$ -	\$ 14,864
Construction Expense	32,088	-	-	32,088
Education and Upkeep Expense	27,149	-	-	27,149
Other Project Expenses	3,776	-	-	3,776
Contracted Services	15,889	-	1,861	17,750
Financial Processing Fees	-	-	1,394	1,394
Travel Expenses	-	4,011	-	4,011
Miscellaneous Expense	618	-	151	769
Total	<u>\$ 94,384</u>	<u>\$ 4,011</u>	<u>\$ 3,406</u>	<u>\$ 101,801</u>

**DETERMINED TO DEVELOP
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 64,384	\$ 3,684
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,215	
Changes in Operating Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	(5,000)	-
(Increase) Decrease in Related Party Receivable	(7,052)	(6,118)
Net Cash Flows Provided (Used) by Operating Activities	<u>53,547</u>	<u>(2,434)</u>
Cash Flows From Investing Activities		
Acquisition of Fixed Assets	<u>(10,410)</u>	-
Net Cash Flows (Used) by Investing Activities	(10,410)	-
Effect of Exchange Rate Changes on Cash	<u>6,861</u>	<u>(6,963)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	49,998	(9,397)
Cash and Cash Equivalents, Beginning of Year	<u>6,558</u>	<u>15,955</u>
Cash and Cash Equivalents, End of Year	<u>\$ 56,556</u>	<u>\$ 6,558</u>

DETERMINED TO DEVELOP NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Program Activity**

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.

- **Financial Statement Presentation**

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.

- **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 Determined to Develop, Inc.’s policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

- **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.

**DETERMINED TO DEVELOP
NOTES TO THE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.

- **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.

- **Restricted and Unrestricted Revenue**

Contributions and gains 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

- **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 April 8, 2016, the date the financial statements were available to be issued.

**DETERMINED TO DEVELOP
NOTES TO THE FINANCIAL STATEMENTS**

2. 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 years ended December 31, 2014 and 2013. The Organization's deposits at the bank in Africa are not covered by FDIC.

3. 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, 2014 and 2013. 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, 2014 and 2013, the Organization has accumulated (\$102) and (\$6,963) 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 balance of the cumulative rate exchange was \$6,861 and (\$4,039) for fiscal years 2014 and 2013, respectively. The ending exchange rate was approximately k488 for every \$1 as compared to k684 as of the date of this report.

4. RELATED PARTY RECEIVABLE

The Organization utilizes a segregated bank account registered under Maji Zuwa, Inc. for its foreign operations in Malawi. All monies in this account belong to Determine to Develop. A for-profit water and sun resort, Maji Zuwa was founded by the executive director of Determine to Develop. Maji Zuwa had already established accounts at the local bank while Determined to Develop was completing their organizational process. As of December 31, 2014 and 2013, the U.S. exchange rate equivalent of these monies was \$20,004 and \$12,952, respectively.

5. PROPERTY AND EQUIPMENT, NET

At December 31, 2014 and 2013, property and equipment are comprised of the following:

	<u>2014</u>	<u>2013</u>
Office Equipment	\$ 10,410	\$ -
Total Depreciable Assets	10,410	-
Accumulated Depreciation	(1,215)	-
Net Depreciable Assets	<u>\$ 9,195</u>	<u>\$ -</u>

Depreciation expense was \$1,215 for fiscal year 2014 and \$0 for fiscal year 2013.