INDEGO AFRICA PROJECT

DECEMBER 31, 2012 AND 2011

INDEGO AFRICA PROJECT

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SPIRE GROUP PC
CPAs and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
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, 2012 and 2011, 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.

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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 Indego Africa Project as of December 31, 2012 and 2011, 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.

Spire Group, PC

Clark, New Jersey
November 11, 2013

INDEGO AFRICA PROJECT

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

ASSETS

	2012	2011
Assets		
Cash	$ 164,715	$ 180,802
Investments	6,809	--
Receivables	11,786	18,933
Prepaid Expense	5,280	1,500
Deposits on Inventory	--	10,667
Inventory	14,724	27,157
Property and Equipment - Net	12,534	--
Total Assets	$ 215,848	$ 239,059

LIABILITIES AND NET ASSETS

	2012	2011
Liabilities		
Accounts Payable and Accrued Expenses	$ 22,775	$ 743
Deferred Revenue	2,783	--
Total Liabilities	25,558	743
Net Assets – Unrestricted	190,290	238,316
Total Liabilities and Net Assets	$ 215,848	$ 239,059

See independent auditor's report and notes to financial statements.

INDEGO AFRICA PROJECT

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Changes in Unrestricted Net Assets		
Revenue and Support		
Product Sales Revenue – net of expense of $117,111 and $146,924, respectively	$ 103,077	$ 80,880
Contributions	220,077	255,755
Fundraising Events	14,513	48,109
Other Income	2,589	443
Total Revenue and Support	340,256	385,187
Expenses		
Program Services	320,391	218,323
Fund Raising	27,412	46,269
Management and General	40,479	29,233
Total Expenses	388,282	293,825
Change in Net Assets	(48,026)	91,362
Net Unrestricted Assets – Beginning of Years	238,316	146,954
Net Unrestricted Assets – End of Years	$ 190,290	$ 238,316

See independent auditor's report and notes to financial statements.

INDEGO AFRICA PROJECT

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012				2011			
	Program Services	Fund Raising	Management and General	Total Functional Expenses	Program Services	Fund Raising	Management and General	Total Functional Expenses
Functional Expenses								
Salaries	$ 190,168	$ 14,319	$ 21,844	$ 226,331	$ 108,891	$ 8,096	$ 12,656	$ 129,643
Payroll Taxes	14,926	1,124	1,714	17,764	15,720	1,169	1,827	18,716
Employee Benefits	14,232	1,072	1,635	16,939	--	--	--	--
Contract Labor	5,290	--	--	5,290	7,725	--	--	7,725
Professional	--	--	10,887	10,887	--	--	9,887	9,887
Advertising	1,891	756	1,134	3,781	2,151	561	1,964	4,676
Market Access Program	22,638	--	--	22,638	14,867	--	--	14,867
Hand Up Training Program	43,032	--	--	43,032	41,025	--	--	41,025
Rent	8,280	--	--	8,280	4,500	--	--	4,500
Insurance	1,029	--	2,399	3,428	332	--	996	1,328
Licenses and Permits	1,337	206	514	2,057	1,091	88	580	1,759
Office Expense	6,684	--	352	7,036	11,908	--	1,323	13,231
Travel and Entertainment	8,166	907	--	9,073	8,075	2,277	--	10,352
Fundraising	--	9,024	--	9,024	--	34,078	--	34,078
Depreciation	1,393	--	--	1,393	--	--	--	--
Bank Charges	1,325	4	--	1,329	2,038	--	--	2,038
Total Functional Expenses	$ 320,391	$ 27,412	$ 40,479	$ 388,282	$ 218,323	$ 46,269	$ 29,233	$ 293,825

See independent auditor’s report and notes to financial statements.

INDEGO AFRICA PROJECT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Operating Activities		
Change in Net Assets	$ (48,026)	$ 91,362
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	1,393	--
Unrealized Gain on Securities	(649)	--
Change in Assets and Liabilities		
Decrease (Increase) in:		
Accounts Receivable	7,147	(18,933)
Inventory	12,433	(12,341)
Deposits on Inventory	10,667	(10,667)
Prepaid Expenses	(3,780)	(1,500)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	22,031	(9,266)
Deferred Revenue	2,784	--
Total Adjustments	52,026	(52,707)
Net Cash Provided by Operating Activities	4,000	38,655
Investing Activities		
Purchase of Fixed Assets	(13,927)	--
Purchase of Investments	(6,160)	--
Net Cash (Used) by Investing Activities	(20,087)	--
Net (Decrease) Increase in Cash	(16,087)	38,655
Cash - Beginning of Years	180,802	142,147
Cash – End of Years	$ 164,715	$ 180,802
Supplemental Information		
Interest Paid	$ --	$ --
Taxes Paid	$ --	$ --

See independent auditor's report and notes to financial statements.

Note A Nature of Activities and Significant Accounting Polices

Nature of Activities

Indego Africa Project (Organization) is an innovative social enterprise that partners with woman 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.

Classification of Net Assets

Unrestricted net assets represent the Organization's net assets that are available for its general operations.

Temporary restricted net assets have donor imposed restrictions that permit the Organization to use up or expend the donated assets as specified and the restriction is satisfied either by the passage of time or by actions of the Organization. There are no temporarily restricted assets.

Permanently restricted net assets have donor imposed restrictions that neither expire by passage of time nor can be fulfilled by actions of the Organization. There are no permanently restricted assets.

Product Inventory

Inventory consists of artisan products for wholesale and retail sale. Inventory is valued using the average cost method at the lower of cost or market.

Functional Expenses

Expenses are charged directly to program, fundraising, or management and general categories based on specific identification.

Income Tax Status

Indego Africa Project is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is reflected in these financial statements.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2012.

Note A Nature of Activities and Significant Accounting Polices (Continued)

Income Tax Status (Continued)
The Organization's exempt from federal income tax return are no longer subject to examination by federal taxing authorities for years before 2009.

Property and Equipment
The organization capitalizes all equipment and improvements with a useful life of more than one year. Purchased property and equipment is capitalized at cost. Property and equipment are depreciated using the straight-line method over their estimated useful lives:

	Years
Automobiles	5

Subsequent Events
The Organization has evaluated all subsequent events through November 11, 2013, the date these financial statements were available to be issued.

Note B Concentration of Credit Risk

At various times during the year, the Organization's cash in bank and investment accounts exceeded the federally insured limits. At December 31, 2012 and 2011, the Organization has uninsured cash and investment balances of $6,809 and $0, respectively.

Note C Geographic Area of Operations

As of December 31, 2012 and 2011, the Organization's entire inventory is produced in the country of Rwanda.

Note D Office Rental

Effective September 21, 2012, the Organization entered into a office rental agreement for office space located in Kigali, Rwanda. The agreement calls for monthly rental of $1,760 through December 31, 2013.

The future minimum lease payments are as follows:

2013	$ 21,120

Rent expense was $8,280 and $4,500 for the years ended December 31, 2012 and 2011, respectively.

See independent auditor's report.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Note E Sublease Agreement

Effective September 21, 2012, the Organization entered into a sublease rental agreement of office space located in Kigali, Rwanda. The agreement calls for monthly rental payments of $928 through December 31, 2013.

The future minimum rental income under the sublease shall be:

2013	$ 11,136

Rent revenue was $2,784 for the year ended December 31, 2012.

Note F Property and Equipment

At December 31, 2012 and 2011, property and equipment, net consisted of the following:

	2012	2011
Automobile	$ 13,927	$ --
Less: accumulated depreciation	(1,393)	--
Total property and equipment, net	$ 12,534	$ --

Depreciation expense for the years ended December 31, 2012 and 2011 was $1,393, and $0, respectively.

Note G Subsidiary

IAR Innovations Ltd., a subsidiary 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.

Note H Marketable Securities

Marketable Securities consist of the following:

	2012		2011	
	Cost	Market Value	Cost	Market Value
Equities	$ 6,160	$ 6,809	$ --	$ --
Totals	$ 6,160	$ 6,809	$ --	$ --

See independent auditor’s report.

Note I Fair Value Measurements

The Organization accounts for fair value measurements in accordance with Financial Accounting Standards Board guidance. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Note I Fair Value Measurements (Continued)

	December 31, 2012	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Assets				
Equities				
Consumer Goods Sector	$ 2,617	$ 2,617	$ --	$ --
Healthcare Sector	3,085	3,085	--	--
Financial Sector	1,107	1,107	--	--
Total Equities	6,809	6,809	--	--
Total assets	$ 6,809	$ 6,809	$ --	$ --

Note J Return on Investments and Cash Equivalents

The return on investments and cash equivalents for the years ended December 31, 2012 and 2011, included in other income, is as follows:

	2012	2011
Interest and Dividends	$ 352	$ 443
Unrealized Gains	649	--
Totals	$ 1,001	$ 443

See independent auditor's report.