INDEGO AFRICA PROJECT

FINANCIAL STATEMENTS
DECEMBER 31, 2013

INDEGO AFRICA PROJECT

CONTENTS

CURCHIN

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Indego Africa Project

We have audited the accompanying financial statements of Indego Africa Project (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013 and the related statement of activities, statement of 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.

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

THE CURCHIN GROUP LLC
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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, 2013, 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.

Prior Period Financial Statements

The financial statements of Indego Africa Project as of December 31, 2012, were audited by other auditors whose report dated November 11, 2013 expressed an unmodified opinion on those statements.

The Curchin Group

THE CURCHIN GROUP, LLC

Red Bank, New Jersey
October 29, 2014

INDEGO AFRICA PROJECT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2013	2012
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	$ 53,721	$ 164,715
Accounts receivable	21,338	11,786
Merchandise for resale	43,392	14,724
Prepaid expenses	-	5,280
Total current assets	118,451	196,505
PROPERTY AND EQUIPMENT, NET	9,749	12,534
OTHER NON-CURRENT ASSETS:		
Long-term investments	-	6,809
	$ 128,200	$ 215,848
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 20,812	$ 22,775
Deferred revenue	-	2,783
Total Liabilities	20,812	25,558
NET ASSETS:		
Unrestricted	107,388	190,290
	$ 128,200	$ 215,848

See accompanying notes to financial statements.

INDEGO AFRICA PROJECT
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31,

	2013	2012
REVENUE AND OTHER SUPPORT:		
Contributions	$ 294,071	$ 220,077
Product sales - net of expense of $106,487 and $117,111	57,507	103,077
Fundraising events	33,302	14,513
Investment income	303	352
Realized gain on investments	1,067	-
Unrealized gain (loss) on investments	-	649
Other income	1,508	1,588
TOTAL REVENUE AND OTHER SUPPORT	387,748	340,256
EXPENSES:		
Program services	385,323	320,391
Supporting services:		
Fundraising	36,347	27,412
Management and general	48,980	40,479
Total supporting services	85,327	67,891
Total expenses	470,650	388,282
CHANGE IN NET ASSETS	(82,902)	(48,026)
NET ASSETS, BEGINNING OF YEAR	190,290	238,316
NET ASSETS, END OF YEAR	$ 107,388	$ 190,290

See accompanying notes to financial statements.

INDEGO AFRICA PROJECT
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31,

	2013				2012			
		Support Services				Support Services		
	Program Services	Fundraising	Management & General	Total Expenses	Program Services	Fundraising	Management & General	Total Expenses
Salaries and related expenses:								
Salaries	$215,891	$ 14,723	$ 18,189	$ 248,803	$190,168	$ 14,319	$ 21,844	$ 226,331
Employee benefits	10,694	780	900	12,374	14,232	1,072	1,635	16,939
Payroll taxes	21,106	1,188	1,370	23,664	14,926	1,124	1,714	17,764
Total salaries and related expenses	247,691	16,691	20,459	284,841	219,326	16,515	25,193	261,034
Other expenses:								
Hand Up training program	48,988	-	-	48,988	43,032	-	-	43,032
Market Access program	35,131	-	-	35,131	22,638	-	-	22,638
Program expenses	6,837	-	5,545	12,382	-	-	-	-
Contract labor	6,640	-	-	6,640	5,290	-	-	5,290
Rent	11,946	-	-	11,946	8,280	-	-	8,280
Office expense	6,519	-	341	6,860	6,684	-	352	7,036
Insurance	276	-	1,728	2,004	1,029	-	2,399	3,428
Licenses and permits	922	142	355	1,419	1,337	206	514	2,057
Professional fees	-	-	20,552	20,552	-	-	10,887	10,887
Advertising	4,764	1,548	-	6,312	1,891	756	1,134	3,781
Travel and entertainment	9,876	988	-	10,864	8,166	907	-	9,073
Fundraising	-	16,978	-	16,978	-	9,024	-	9,024
Bank charges	2,948	-	-	2,948	1,325	4	-	1,329
Total other expenses	134,847	19,656	28,521	183,024	99,672	10,897	15,286	125,855
Total expenses before depreciation	382,538	36,347	48,980	467,865	318,998	27,412	40,479	386,889
Depreciation	2,785	-	-	2,785	1,393	-	-	1,393
Total expenses	$385,323	$ 36,347	$ 48,980	$ 470,650	$320,391	$ 27,412	$ 40,479	$ 388,282
% of total expenses	82%	8%	10%	100%	83%	7%	10%	100%

See accompanying notes to financial statements.

INDEGO AFRICA PROJECT
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (82,902)	$ (48,026)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation expense	2,785	1,393
Unrealized gain on investments	-	(649)
Realized gain on investments	(1,057)	-
Changes in operating assets and liabilities:		
Accounts receivable	(9,552)	7,147
Merchandise for resale	(28,668)	12,433
Deposits on inventory	-	10,667
Prepaid expenses	5,280	(3,780)
Accounts payable and accrued expenses	(1,963)	22,031
Deferred revenue	(2,783)	2,784
Net cash flows from operating activities	(118,860)	4,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(13,927)
Proceeds from sales and maturity of long-term investments	7,866	-
Purchases of long-term investments	-	(6,160)
Net cash flows from investing activities	7,866	(20,087)
NET CHANGE IN CASH AND EQUIVALENTS	(110,994)	(16,087)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	164,715	180,802
CASH AND EQUIVALENTS, END OF YEAR	$ 53,721	$ 164,715
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ -	$ -

See accompanying notes to financial statements

NOTE 1 - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of the Organization - Indego Africa Project (the "Organization") is a non-profit Organization qualified under Section 501(c)(3) of the Internal Revenue Code and was formed in 2006. The 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.

IAR Innovations Ltd., a related 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 an in accordance with the Companies Act of the Republic of Rwanda.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> ***Unrestricted Net Assets*** - Net assets that are not subject to donor-imposed stipulations.
>
> ***Temporarily Restricted Net Assets*** - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. There are no temporary restricted assets.
>
> ***Permanently Restricted Net Assets*** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There are no permanently restricted assets.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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, 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 restrictions.

Donated Services, Materials, and Facilities - Donated materials are recorded as contributions at their estimated fair values at the date of donation.

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Unpaid volunteer officers, committees, and instructors conduct portions of the Organization's functions. The value of this contributed time is not reflected in the accompanying financial statements since the volunteer's time does not meet the criteria for recognition under FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*.

NOTE 1 - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made 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 revenue and expenses during the reported period. Actual results could differ from those estimates.

Cash and Equivalents - The Organization considers all highly liquid debt instruments purchased with a maturity date of three months or less and certificate of deposits that do not contain material early withdrawal penalties to be cash equivalents.

Accounts Receivable – Accounts receivable is recorded primarily for product sales and is reported at net realizable value if the amounts are due within one year. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. No allowance for doubtful accounts was considered necessary as of December 31, 2013 and 2012.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are reflected on the statement of activities.

Donated investments are recorded at their market value at the date of gift. Investments in closely-held corporate stock will be recorded at appraised value when determinable. Unless specific prohibitive clauses are contained in the gift instruments, funds for investments have been combined into one investment pool. Income earned from the ownership or disposition of pooled investments are allocated to the various funds based on the percentage of ownership interest of such funds in the investment pool. Gains or losses on the sale of investments are determined based on the specific identification method.

Inventories - Merchandise held for sale consist of artisan products for wholesale and retail sale. Inventories are stated at cost, valued using the average cost method at the lower of cost or market.

As of December 31, 2013 and 2012, the Organization's entire inventory is produced in the country of Rwanda.

Property and Equipment - Property and equipment are carried at cost, less accumulated depreciation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Donated furniture and equipment are recorded at fair value as of the date of gift. The costs of repairs and maintenance are expensed in the period incurred.

	Number of Years
Vehicles	5

Income Taxes - The Organization is a non-profit Organization qualifying under Section 501(c)(3) of the Internal Revenue Code and, accordingly, applicable New York State law. No provision for federal or state income taxes is required.

The Organization follows the accounting guidance for uncertain income tax positions, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns. The Organization recognizes the tax benefits from uncertain tax positions only if it is more likely than not that a tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

NOTE 1 - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Management has determined that there are no unrecognized tax benefits that will significantly increase or decrease over the next twelve months, nor has the Organization incurred any interest or penalties related to income tax expense during the year ended December 31, 2013. Generally, in accordance with the statutes of limitations, the Organization is no longer subject to income tax examinations for returns filed for years before 2010.

Deferred Revenue - The Organization recognizes revenue in the period in which the related program or activity is performed. Accordingly, fees received for the upcoming year are deferred until the program or activity commences.

Functional Allocation of Expenses - The costs of providing the Organization's programs and supporting services have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Date of Management's Review - In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October ___, 2014, the date the financial statements were available to be issued.

Reclassifications - Certain reclassifications have been made to the December 31, 2012 financial statement presentation to correspond to the current year's format. Total equity and net income are unchanged due to these reclassifications.

NOTE 2 – INVESTMENTS:

The following is a summary of investment securities at December 31, none of which are held for trading purposes:

	2013			
	Amortized	Unrealized		Fair Market
	Cost	Gains	Losses	Value
Common stocks	$ -	$ -	$ -	$ -

	2012			
	Amortized	Unrealized		Fair Market
	Cost	Gains	Losses	Value
Common stocks	$6,160	$649	$ -	$6,809

NOTE 3 – PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost or if acquired by gift, fair market value as of the date of the gift.

	December 31,	
	2013	2012
Vehicles	$13,927	$13,927
Less: Accumulated depreciation	4,178	1,393
	$ 9,749	$12,534

Depreciation expense for the years ended December 31, 2013 and 2012 was $2,785 and $1,393, respectively.

NOTE 4 – LEASE COMMITMENT:

In September 2012, the Organization entered into a lease for office space located in Kigali, Rwanda. The lease calls for monthly payments of approximately $1,760 through December 31, 2013. In December 2013, the Organization leased new office space through December 2014 for $1,400 per month. Future minimum annual lease payments are as follows:

Year Ended December 31,	
2014	$16,800

NOTE 5 – 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, 2014.

The future minimum rental income under the sublease shall be:

2014	$11,136

NOTE 6 – CONCENTRATIONS OF CREDIT RISK:

Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist principally of cash. The Organization maintains cash balances in various financial institutions located within the region. The Organization's policy is designed to limit exposure to any one institution, and it performs periodic evaluations of the relative credit standing of these financial institutions that are considered in the Organization's investment strategy. At times, cash balances may exceed insured limits.

NOTE 7 - FAIR VALUE MEASUREMENT:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

- Level 2 inputs are inputs (other than quoted prices included in level 1) that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data.)

NOTE 7 - FAIR VALUE MEASUREMENT: (Continued)

The following tables present the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis.

		Fair Value Measurement Using:		
December 31, 2013:	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Total common stocks	$ -	$ -	$ -	$ -
December 31, 2012:				
Total common stocks	$6,809	$6,809	$ -	$ -