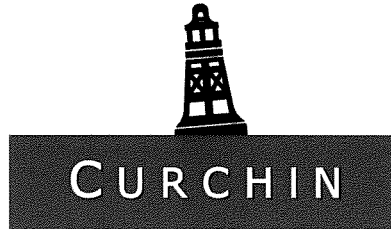


INDEGO AFRICA PROJECT
FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

INDEGO AFRICA PROJECT

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8-10
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11-12



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 statements of financial position as of December 31, 2016 and 2015 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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

ASSURANCE SERVICES :: TAX :: FINANCIAL PLANNING :: BUSINESS ADVISORY

200 Schulz Drive, Suite 400 - Red Bank, NJ 07701-6745 (732) 747-0500 Fax (732) 747-7700 www.curchin.com

75 Main Street, Suite 202 - Millburn, NJ 07041-1322

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, 2016 and 2015, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2017 on our consideration of Indego Africa Project's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Indego Africa Project's internal control over financial reporting and compliance.



THE CURCHIN GROUP, LLC

Red Bank, New Jersey
October 30, 2017

**INDEGO AFRICA PROJECT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,**

	2016	2015
ASSETS (USD)		
CURRENT ASSETS:		
Cash and equivalents	\$ 264,943	\$ 252,710
Accounts receivable, net	20,367	32,192
Contributions receivable	5,000	-
Merchandise for resale	84,681	100,844
Prepaid expenses	3,519	3,484
Total Current Assets	\$ 378,510	\$ 389,230
LIABILITIES AND NET ASSETS (USD)		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 37,503	\$ 24,200
Notes payable - related parties	5,000	30,000
Total Current Liabilities	42,503	54,200
NET ASSETS:		
Unrestricted	118,298	120,603
Temporarily restricted	217,709	214,427
Total Net Assets	336,007	335,030
	\$ 378,510	\$ 389,230

See accompanying notes to financial statements.

**INDEGO AFRICA PROJECT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

(USD)	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions	\$ 287,908	\$ -	\$ 287,908
Foundation grants	-	293,075	293,075
Product sales - net of expense of \$261,135	98,549	-	98,549
Fundraising events	10,591	-	10,591
Investment income	184	-	184
Currency exchange gain (loss)	<u>1,993</u>	<u>-</u>	<u>1,993</u>
	399,225	293,075	692,300
Net assets released from restrictions	<u>289,793</u>	<u>(289,793)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	689,018	3,282	692,300
EXPENSES:			
Program services	623,090	-	623,090
Supporting services:			
Fundraising	26,949	-	26,949
Management and general	<u>41,284</u>	<u>-</u>	<u>41,284</u>
Total supporting services	<u>68,233</u>	<u>-</u>	<u>68,233</u>
TOTAL EXPENSES	<u>691,323</u>	<u>-</u>	<u>691,323</u>
CHANGE IN NET ASSETS	<u>(2,305)</u>	<u>3,282</u>	<u>977</u>
NET ASSETS, BEGINNING OF YEAR	<u>120,603</u>	<u>214,427</u>	<u>335,030</u>
NET ASSETS, END OF YEAR	<u>\$ 118,298</u>	<u>\$ 217,709</u>	<u>\$ 336,007</u>

See accompanying notes to financial statements.

**INDEGO AFRICA PROJECT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

(USD)	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT:			
Contributions	\$ 271,540	\$ -	\$ 271,540
Foundation grants	-	289,355	289,355
Product sales - net of expense of \$316,196	74,415	-	74,415
Fundraising events	14,832	-	14,832
Investment income	100	-	100
Currency exchange gain (loss)	<u>(496)</u>	<u>-</u>	<u>(496)</u>
	360,391	289,355	649,746
Net assets released from restrictions	<u>104,928</u>	<u>(104,928)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	465,319	184,427	649,746
EXPENSES:			
Program services	<u>397,953</u>	<u>-</u>	<u>397,953</u>
Supporting services:			
Fundraising	20,918	-	20,918
Management and general	<u>37,390</u>	<u>-</u>	<u>37,390</u>
Total supporting services	<u>58,308</u>	<u>-</u>	<u>58,308</u>
TOTAL EXPENSES	456,261	-	456,261
CHANGE IN NET ASSETS	9,058	184,427	193,485
NET ASSETS, BEGINNING OF YEAR	111,545	30,000	141,545
NET ASSETS, END OF YEAR	<u>\$ 120,603</u>	<u>\$ 214,427</u>	<u>\$ 335,030</u>

See accompanying notes to financial statements.

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

2016

2015

(USD)	Support Services			Support Services			
	Program Services	Fundraising	Management & General	Program Services	Fundraising	Management & General	Total Expenses
Salaries and related expenses:							
Salaries	\$251,854	\$ 16,601	\$ 12,629	\$206,519	\$ 14,000	\$ 11,623	\$ 232,142
Employee benefits	5,212	186	520	3,772	254	212	4,238
Payroll taxes	14,505	1,351	597	13,370	901	751	15,022
Total salaries and related expenses	<u>271,571</u>	<u>18,138</u>	<u>13,746</u>	<u>223,661</u>	<u>15,155</u>	<u>12,586</u>	<u>251,402</u>
Other expenses:							
Basic Business Training, Leadership Academy and Mahama Project	46,479	-	-	40,517	-	-	40,517
Market Access program	74,441	-	-	50,186	-	-	50,186
Ghana Project	184,259	-	-	45,827	-	-	45,827
Contract labor	-	-	-	2,480	-	-	2,480
Rent	8,818	-	-	8,632	-	-	8,632
Office expense	4,436	-	234	5,577	-	294	5,871
Insurance	1,945	-	1,297	1,250	-	834	2,084
Licenses and permits	5,368	336	1,007	157	21	31	209
Bad debt	1,110	-	-	771	-	-	771
Professional fees	-	-	25,000	-	-	23,645	23,645
Advertising	14,807	3,008	-	11,500	1,825	-	13,325
Travel and entertainment	7,025	370	-	4,211	222	-	4,433
Fundraising	-	5,097	-	-	3,695	-	3,695
Bank charges	2,831	-	-	3,184	-	-	3,184
Total other expenses	<u>351,519</u>	<u>8,811</u>	<u>27,538</u>	<u>174,292</u>	<u>5,763</u>	<u>24,804</u>	<u>204,859</u>
Total expenses before depreciation	623,090	26,949	41,284	397,953	20,918	37,390	456,261
Depreciation	-	-	-	-	-	-	-
Total expenses	<u>\$623,090</u>	<u>\$ 26,949</u>	<u>\$ 41,284</u>	<u>\$397,953</u>	<u>\$ 20,918</u>	<u>\$ 37,390</u>	<u>\$ 456,261</u>
% of total expenses	<u>90%</u>	<u>4%</u>	<u>6%</u>	<u>87%</u>	<u>5%</u>	<u>8%</u>	<u>100%</u>

See accompanying notes to financial statements.

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

(USD)	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 977	\$ 193,485
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Bad debt expense	1,110	771
Changes in operating assets and liabilities:		
Accounts receivable	10,715	(7,366)
Contributions receivable	(5,000)	60,000
Merchandise for resale	16,163	(41,405)
Prepaid expenses	(35)	(3,484)
Accounts payable and accrued expenses	13,303	8,814
Deferred revenue	<u>-</u>	<u>(66,425)</u>
Net cash flows from operating activities	<u>37,233</u>	<u>144,390</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principle payments on notes payable	<u>(25,000)</u>	<u>(5,000)</u>
Net cash flows from financing activities	<u>(25,000)</u>	<u>(5,000)</u>
NET CHANGE IN CASH AND EQUIVALENTS	12,233	139,390
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>252,710</u>	<u>113,320</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 264,943</u>	<u>\$ 252,710</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

**INDEGO AFRICA PROJECT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 female artisans in Rwanda and Ghana 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 Rwandan company of Indego Africa Project, was formed in May 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.

Indego Africa Project, a Ghanaian company of Indego Africa Project, was formed in January 2016. Indego Africa Project is a Ghanaian company limited by shares pursuant to and in accordance with the Companies Act of the Republic of Ghana.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The statements have been prepared in US dollars (USD). 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.

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 in the years presented.

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 the guidance in *Accounting for Contributions Received and Contributions Made*.

**INDEGO AFRICA PROJECT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 certificates of deposit that do not contain material early withdrawal penalties to be cash equivalents.

Accounts Receivable - Accounts receivable are recorded primarily for product sales and are 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. Allowance for doubtful accounts was \$1,110 and \$0 as of December 31, 2016 and 2015, respectively.

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.

Merchandise for Resale - Merchandise held for sale consists of artisan products for wholesale and retail sale. Merchandise is stated at cost and valued using the average cost method at the lower of cost or market. Shipping and handling costs are included in costs of goods sold.

As of December 31, 2016 and 2015, the Organization's entire merchandise inventory is produced in the countries of Rwanda and Ghana.

Property and Equipment - The Organization capitalizes property and equipment over \$1,000. 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. The costs of repairs and maintenance are expensed in the period incurred.

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 has not incurred any interest or penalties related to income tax expense during the year ended December 31, 2016.

Deferred Revenue - The Organization recognizes revenue in the period in which the related program or activity is performed. Accordingly, fees received in advance 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.

**INDEGO AFRICA PROJECT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

Currency Translation - Foreign currency transactions entered into by the Organization included in the financial statements are translated into the functional currency at the exchange rate prevailing at the transaction date. Monetary assets and liabilities are translated at the applicable exchange rate at each reporting date. The exchange rate gains and losses resulting from these items are generally reported in the statements of activities under revenue and other support.

Date of Management's Review - In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 30, 2017, the date the financial statements were available to be issued.

Advertising Costs - Advertising costs are expensed as incurred. Total advertising expense for the years ended December 31, 2016 and 2015 was \$17,815 and \$13,325, respectively.

NOTE 2 - NOTES PAYABLE - RELATED PARTIES:

Notes payable represent loans from the board of directors granted to the Organization totaling \$5,000 and \$30,000 as of December 31, 2016 and 2015, respectively. The loans are unsecured, non-interest bearing, and may be converted to contributions at the request of the grantors. As of December 31, 2016, there is no set maturity for these loans.

NOTE 3 - LEASE COMMITMENT:

In December 2013, the Organization entered into a lease for office space located in Kigali, Rwanda. The lease called for monthly payments of approximately \$1,400 through December 31, 2014. In December 2014, the Organization renegotiated the terms of the lease through December 31, 2015. Effective December 1, 2014 through December 31, 2015, monthly rent is \$700. The lease contained provisions for two additional twelve month extensions at the same monthly rent of \$700. The lease was extended on the same terms through December 31, 2016, with two additional twelve-month extensions available.

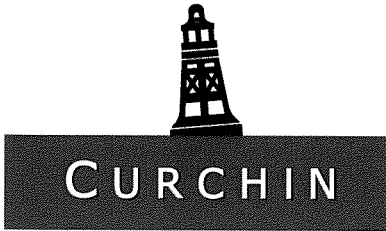
NOTE 4 - CONCENTRATIONS OF CREDIT RISK:

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 in the United States, Rwanda and Ghana. 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.

For the years ending December 31, 2016 and 2015 grants from one grantor represented approximately 24% and 38%, respectively, of overall revenue and support.

NOTE 5 - CONCENTRATION RISKS AND UNCERTAINTIES:

A significant portion of the Organization's programs are conducted in Rwanda and Ghana in addition to operations and administration in the United States of America. Because the Organization operates in Rwanda and Ghana, its cash flows are denominated not only in U.S. dollars, but also in Rwandan francs and Ghanaian cedis. Changes in exchange rates may affect operations outside of the United States. In addition, the Organization is subject to various geographical risks and potential disruptions related to its international operations.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Indego Africa Project

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indego Africa Project (a nonprofit corporation), which comprise the statement of financial position as December 31, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Indego Africa Project's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Indego Africa Project's internal control. Accordingly, we do not express an opinion on the effectiveness of Indego Africa Project's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Indego Africa Project's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Curchin Group
THE CURCHIN GROUP, LLC

Red Bank, New Jersey
October 30, 2017