

**AFRICA BRIDGE**

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**FINANCIAL STATEMENTS**

**for the year ended December 31, 2021**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

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AFRICA BRIDGE

(an Oregon non-profit corporation)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Africa Bridge  
Marylhurst, Oregon

### **Opinion**

We have audited the accompanying financial statements of Africa Bridge (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Africa Bridge as of December 31, 2021, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Africa Bridge and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 discussed in Note 1 to the financial statements, the Organization has suffered recurring negative cash flows from operating activities. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 1. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Africa Bridge's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Africa Bridge's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Africa Bridge's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Bashar S. Johnson, P.C.*

Beaverton, Oregon

July 13, 2022

AFRICA BRIDGE  
STATEMENT OF FINANCIAL POSITION  
December 31, 2021

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ASSETS

Current assets:

Cash (Note 2)	\$ 95,802
Prepaid expenses and deposits	<u>9,282</u>
Total current assets	<u>105,084</u>

Property and equipment

Office furniture and equipment	13,751
Vehicles	<u>40,064</u>
	53,815

Less accumulated depreciation	<u>(53,815)</u>
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Total assets	<u>\$ 105,084</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 431
Accrued payroll liabilities	<u>3,181</u>
Total current liabilities	<u>3,612</u>

Commitments and contingencies (Note 6)

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Net assets:

Without donor restrictions (Note 4)	90,168
With donor restrictions (Note 5)	<u>11,304</u>

Total net assets	<u>101,472</u>
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Total liabilities and net assets	<u>\$ 105,084</u>
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The accompanying notes are an integral  
part of the financial statements.

AFRICA BRIDGE  
STATEMENT OF ACTIVITIES  
Year ended December 31, 2021

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Grants	\$ 58,500	\$ -	\$ 58,500
Contributions	170,477	53,600	224,077
Events	5,121	-	5,121
Interest income	8	-	8
PPP loan forgiveness (Note 8)	<u>30,800</u>	<u>-</u>	<u>30,800</u>
Total revenue	264,906	53,600	318,506
Net assets released from restrictions	<u>74,296</u>	<u>(74,296)</u>	<u>-</u>
Total revenue and other support	<u>339,202</u>	<u>(20,696)</u>	<u>318,506</u>
Expenses:			
Program services	188,337	-	188,337
Management and general	100,114	-	100,114
Fundraising	<u>27,521</u>	<u>-</u>	<u>27,521</u>
Total expenses	<u>315,972</u>	<u>-</u>	<u>315,972</u>
Change in net assets	23,230	(20,696)	2,534
Net assets, beginning of year	<u>66,938</u>	<u>32,000</u>	<u>98,938</u>
Net assets, end of year	<u>\$ 90,168</u>	<u>\$ 11,304</u>	<u>\$ 101,472</u>

The accompanying notes are an integral  
part of the financial statements.

AFRICA BRIDGE  
STATEMENT OF CASH FLOWS  
Year ended December 31, 2021

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CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from donors, grantors, and customers	\$ 287,698
Cash paid to employees, suppliers, and program recipients	(324,055)
Interest Income	<u>8</u>
Net cash used by operating activities	<u>(36,349)</u>

CASH FLOWS FROM FINANCING ACTIVITIES (Note 8):

Proceeds from PPP notes payable	\$ <u>28,800</u>
Net cash provided by financing activities	<u>28,800</u>
Decrease in cash	(7,549)
Cash, beginning of year	<u>103,351</u>
Cash, end of year	<u><u>\$ 95,802</u></u>

The accompanying notes are an integral  
part of the financial statements.

AFRICA BRIDGE  
STATEMENT OF CASH FLOWS, Continued  
Year ended December 31, 2021

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RECONCILIATION OF CHANGE IN NET ASSETS TO  
NET CASH PROVIDED (USED) BY OPERATING  
ACTIVITIES:

Change in net assets	\$ 2,534
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation expense	3,421
Forgiveness of PPP notes payable	(30,800)
Changes in net assets and liabilities:	
Increase in prepaid expenses and deposits	(1,346)
Increase in accounts payable	431
Decrease in accrued payroll liabilities	<u>(10,589)</u>
Net cash used by operating activities	<u>\$ (36,349)</u>

The accompanying notes are an integral  
part of the financial statements.



AFRICA BRIDGE  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 56,312	\$ 57,929	\$ 24,532	\$ 138,773
Payroll taxes and benefits	17,891	19,569	1,470	38,930
Contract labor	4,677	-	-	4,677
Income-generating cooperatives	18,704	-	-	18,704
Banking and merchant fees	-	1,625	-	1,625
Depreciation	3,421	-	-	3,421
Health and education	178	-	-	178
Insurance	-	742	-	742
Legal and professional	26,190	4,000	-	30,190
Licenses and permits	-	386	-	386
Monitoring and evaluation	18,494	-	-	18,494
Committees	18,862	-	-	18,862
Occupancy	4,105	9,775	-	13,880
Office expenses	2,347	1,040	43	3,430
Postage and shipping	34	48	-	82
Pilot projects	3,032	-	-	3,032
Printing	94	-	-	94
Sustainability and community	3,158	-	-	3,158
Telecommunications	2,092	1,638	-	3,730
Travel and meetings	1,834	-	-	1,834
Vehicle expense	4,810	-	-	4,810
Website and Software	-	3,329	-	3,329
Other expenses	2,102	33	1,476	3,611
	<u>\$ 188,337</u>	<u>\$ 100,114</u>	<u>\$ 27,521</u>	<u>\$ 315,972</u>

The accompanying notes are an integral part  
of the financial statements.

AFRICA BRIDGE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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1. Organization and Summary of Significant Accounting Policies:

Organization

Africa Bridge (the Organization) is a 501(c)(3) not-for-profit corporation incorporated under the laws of the State of Oregon. The Organization's purpose is to help vulnerable children and families in Tanzania, Africa by implementing sustainable social services and economic solutions. Such functions are carried out by establishing income generating crop or livestock co-ops, the formation of village committees, and providing funding for the benefit of children.

The Organization engages support by raising funds through sponsorships and various events, soliciting donated goods, spreading awareness and education, and recruiting volunteers to serve in Africa. The funds raised are used to carry out programs.

Financial Condition

The Organization experienced negative cash flows from operating activities in the year ending December 31, 2021. Management believes the Organization's present cash flows will not enable it to meet its obligations for twelve months from the date these financial statements are available to be issued. However, management is working to reduce and delay expenditures and plans to obtain additional funding in the future to finance its activities. It is probable that management will reduce expenditures to enable the Organization to meet its obligations for the twelve-month period from the date the financial statements are available to be issued.

Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States and have been consistently applied in the preparation of the financial statements.

Basis of Accounting and Preparation of Financial Statements

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles. Net assets, support and revenues, and expenses 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:

AFRICA BRIDGE  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
DECEMBER 31, 2021

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1. Organization and Summary of Significant Accounting Policies, Continued:

Basis of Accounting and Preparation of Financial Statements, Continued

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors may designate net assets without donor restrictions for specific purposes.

*Net Assets With Donor Restrictions* – Net assets subject to donor – (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization did not have any donor-imposed restrictions that were perpetual in nature at December 31, 2020.

Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 606, Revenue from contracts with customers) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in the United States of America generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Organization adopted ASC 606 with a date of initial application of January 1, 2020 using the modified retrospective method. The majority of the Organization's revenues come from contributions and grants that are outside the scope of ASC 606. The adoption of ASC 606 did not have a material impact on the financial statements.

Advertising Expenses

Advertising and promotional costs are expensed as incurred.

Contributed Services

A substantial number of volunteers have made significant contributions of their time to provide various services to the Organization, such as developing business and operating plans, raising funds, and administrative functions. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.



AFRICA BRIDGE  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
DECEMBER 31, 2021

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1. Organization and Summary of Significant Accounting Policies, Continued:

Contributions and Pledges

Contributions and pledges are reported as support and revenue as received. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor imposed restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing the services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

The Organization considers all highly liquid investments having initial maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows excludes cash with donor-imposed restrictions that are perpetual in nature.

Federal Income Taxes and Uncertain Tax Positions

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law and, as such, is not subject to income taxes on net income from exempt activities. The Organization is not aware of any uncertain tax positions; the Organization would account for them using the provisions of ASC 740. The Organization's federal returns of organization exempt from income tax are subject to examination by the Internal Revenue Service for the last three years. Donors of money and property are entitled to the maximum charity contribution deduction under the law.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions 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 reporting period. Actual results could differ from those estimates.

AFRICA BRIDGE  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
DECEMBER 31, 2021

1. Organization and Summary of Significant Accounting Policies, Continued:

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is computed using straight-line method over estimated useful lives of five to ten years. Maintenance, minor repairs and gains or losses from dispositions of assets are reflected in operations when incurred. Depreciation expense for the year ended December 31, 2021 was \$3,421.

New Accounting Pronouncements

On February 25, 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize a liability associated with obligations to make payments under the terms of the arrangement in addition to a right-of-use asset representing the lessee's right to use, or control the use of the given asset assumed under the lease. The standard will be effective for nonpublic companies for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating this new standard and the impact it will have on its financial statements.

Subsequent Events

Subsequent events have been evaluated through July 13, 2022, the date the financial statements were available to be issued.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following as of December 31, 2021:

Checking and money market accounts

Cash net assets without donor restrictions	\$ 84,498
Cash net assets with donor restrictions – programs	<u>11,304</u>
	<u>\$ 95,802</u>

3. Line of Credit

The Organization has a \$50,000 revolving line of credit with a financial institution renewable annually. The line was unused as of December 31, 2021.



AFRICA BRIDGE  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
DECEMBER 31, 2021

4. Net Assets – Without Donor Restrictions:

Net assets without donor restrictions consist of the following as of December 31, 2021:

Undesignated	\$ <u>90,168</u>
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5. Net Assets – With Donor Restrictions

Net assets with donor restrictions are for the following purposes and programs as of December 31, 2021:

Barry Childs – Program monitoring and evaluation	\$ 6,800
Pilot Projects – Soap Project	2,504
Barry Childs – Capital projects	1,000
Jennifer Chalsty – Emergency fund	<u>1,000</u>
	\$ <u>11,304</u>

6. Lease Commitments

The Organization leases office space under a non-cancelable operating lease. The following is a schedule of future minimum rental payments under the lease as of December 31:

2022	\$ <u>5,400</u>
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Rent expense was \$9,775 for the year ended December 31, 2021.

7. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and deposits. The Organization places its temporary cash investments with financial institutions with high credit standing and limits the amount of credit exposure, although it may from time to time have cash balances in excess of that insured by the FDIC. The Organization periodically assesses the financial institutions and believes the risk of loss is minimal.

At December 31, 2021 cash deposits at financial institutions did not exceed the FDIC limits.

The Organization's support comes primarily from individual and foundation donor contributions. Approximately 23% of the Organization's support was provided from one individual.

AFRICA BRIDGE  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
DECEMBER 31, 2021

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8. PPP Notes Payable

Pursuant to the Paycheck Protection Program (the “PPP”) under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES” Act), the Organization was granted loan proceeds from a bank on May 14, 2020 in the amount of \$25,600, fixed interest rate at 1% per annum. Repayment of interest and principal is contingent upon the amount forgiven as outlined by the SBA. Under the terms of the PPP agreement, \$23,600 was approved for forgiveness and reflected in income for the year ended December 31, 2020. The \$2,000 remaining was approved for forgiveness and reflected in income for the year ended December 31, 2021.

During the year ended December 31, 2021, the Organization was granted PPP loan proceeds from a bank in the amount of \$28,800, fixed interest rate at 1% per annum. Repayment of interest and principal is contingent upon the amount forgiven as outlined by the SBA. Under the terms of the PPP agreement, \$28,800 was approved for forgiveness and reflected in income for the year ended December 31, 2021.

The Organization accounted for the loans as debt in accordance with FASB ASC 470 and FASB ASC-835-30.

9. COVID-19

The COVID-19 outbreak in the United States of America has resulted in reduced customer traffic and the temporary reduction of operating hours for businesses where government mandated. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact cannot be reasonably estimated at this time.