

AFRICA BRIDGE

FINANCIAL STATEMENTS

for the year ended December 31, 2022

WITH

INDEPENDENT AUDITOR'S REPORT



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, 2022, 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, 2022, 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.

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 ¹/₁ Johnson, P.C.

Beaverton, Oregon
November 10, 2023

AFRICA BRIDGE
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

Current assets:

Cash (Note 2)	\$ 139,742
Prepaid expenses and deposits	<u>2,687</u>
Total current assets	<u>142,429</u>

Property and equipment

Office furniture and equipment	5,486
Vehicles	<u>40,064</u>
	45,550

Less accumulated depreciation	<u>(45,550)</u>
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Total assets	<u>\$ 142,429</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 1,929
Accrued payroll liabilities	<u>-</u>
Total current liabilities	<u>1,929</u>

Commitments and contingencies (Note 6)

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Net assets:

Without donor restrictions (Note 4)	138,500
With donor restrictions (Note 5)	<u>2,000</u>

Total net assets	<u>140,500</u>
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Total liabilities and net assets	<u>\$ 142,429</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Grants	\$ 97,500	\$ -	\$ 97,500
Contributions	141,572	-	141,572
Events	55,593	-	55,593
Interest income	<u>6</u>	<u>-</u>	<u>6</u>
Total revenue	294,671	-	294,671
Net assets released from restrictions	<u>9,304</u>	<u>(9,304)</u>	<u>-</u>
Total revenue and other support	<u>303,975</u>	<u>(9,304)</u>	<u>294,671</u>
Expenses:			
Program services	116,868	-	116,868
Management and general	73,271	-	73,271
Fundraising	<u>65,504</u>	<u>-</u>	<u>65,504</u>
Total expenses	<u>255,643</u>	<u>-</u>	<u>255,643</u>
Change in net assets	48,332	(9,304)	39,028
Net assets, beginning of year	<u>90,168</u>	<u>11,304</u>	<u>101,472</u>
Net assets, end of year	<u>\$ 138,500</u>	<u>\$ 2,000</u>	<u>\$ 140,500</u>

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

AFRICA BRIDGE
STATEMENT OF CASH FLOWS
Year ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from donors, grantors, and customers	\$ 294,665
Cash paid to employees, suppliers, and program recipients	(250,731)
Interest Income	<u>6</u>
Net cash provided by operating activities	<u>43,940</u>
Increase in cash	43,940
Cash, beginning of year	<u>95,802</u>
Cash, end of year	<u><u>\$ 139,742</u></u>

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

AFRICA BRIDGE
STATEMENT OF CASH FLOWS, Continued
Year ended December 31, 2022

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

Change in net assets	\$ 39,028
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Changes in net assets and liabilities:	
Decrease in prepaid expenses and deposits	6,595
Increase in accounts payable	1,498
Decrease in accrued payroll liabilities	<u>(3,181)</u>
Net cash provided by operating activities	<u>\$ 43,940</u>

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

AFRICA BRIDGE
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 34,994	\$ 28,236	\$ 9,412	\$ 72,642
Payroll taxes and benefits	23,736	11,874	3,958	39,568
Contract labor	3,006	-	46,500	49,506
Income-generating cooperatives	7,948	-	-	7,948
Banking and merchant fees	-	1,638	-	1,638
Depreciation	-	-	-	-
Health and education	7,785	-	-	7,785
Insurance	-	1,822	-	1,822
Legal and professional	6,020	10,015	4,515	20,550
Licenses and permits	103	360	-	463
Monitoring and evaluation	-	-	-	-
Committees	8,455	-	-	8,455
Occupancy	4,125	6,300	-	10,425
Office expenses	2,506	1,978	500	4,984
Postage and shipping	79	310	-	389
Pilot projects	51	-	-	51
Printing	625	-	-	625
Sustainability and community	1,938	-	-	1,938
Telecommunications	2,467	1,069	-	3,536
Travel and meetings	4,940	-	-	4,940
Vehicle expense	9,096	-	-	9,096
Website and Software	910	9,454	-	10,364
Other expenses	(1,916)	215	619	(1,082)
	<u>\$ 116,868</u>	<u>\$ 73,271</u>	<u>\$ 65,504</u>	<u>\$ 255,643</u>

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

AFRICA BRIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

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:

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, 2022.

AFRICA BRIDGE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2022

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

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.

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

AFRICA BRIDGE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2022

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

Federal Income Taxes and Uncertain Tax Positions, Continued

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.

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, 2022 was \$0.

Recently Adopted Accounting Guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

AFRICA BRIDGE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2022

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

Recently Adopted Accounting Guidance, Continued

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 a lease liability of \$5,388, which represents the present value of the remaining operating lease payments of \$5,400, discounted using the Organization's incremental borrowing rate of 0.22%, and a right-of-use asset of \$5,388, which represents the operating lease liability of \$5,388.

The standard did not have a material impact on the financial statements.

Leases

The Organization leases office space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization consider factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Subsequent Events

Subsequent events have been evaluated through November 10, 2023, the date the financial statements were available to be issued.

AFRICA BRIDGE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2022

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, 2022:

Checking and money market accounts

Cash net assets without donor restrictions	\$ 137,742
Cash net assets with donor restrictions	<u>2,000</u>
	<u>\$ 139,742</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, 2022.

4. Net Assets – Without Donor Restrictions:

Net assets without donor restrictions consist of the following as of December 31, 2022:

Undesignated	\$ <u>138,500</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, 2022:

Barry Childs – Capital projects	1,000
Jennifer Chalsty – Emergency fund	<u>1,000</u>
	<u>\$ 2,000</u>

6. Lease Commitments

The Organization leases office space under a non-cancelable operating lease. The lease was terminated effective June 30, 2022. Operating lease cost for the year ended December 31, 2022 was \$5,400.

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

AFRICA BRIDGE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2022

7. Concentration of Credit Risk, Continued

the FDIC. The Organization periodically assesses the financial institutions and believes the risk of loss is minimal. At December 31, 2022 cash deposits at financial institutions did not exceed the FDIC limits.

The Organization's support comes primarily from individual and foundation donor contributions. Approximately 34% of the Organization's support was provided from two donors.