EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.

Seattle, Washington

FINANCIAL STATEMENTS

As of

DECEMBER 31, 2013

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

Schnaufer & Walker, P.C.
Certified Public Accountants
Dallas, Texas

Schnaufer & Walker, P.C.
Certified Public Accountants
2695 Villa Creek Drive, Suite 268
Dallas, Texas 75234
www.TheNonprofitCPA.org
Office: (972) 798-2046 Fax: (866) 334-1362

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
East African Center for the Empowerment of Women and Children, Inc.
Seattle, Washington

We have audited the accompanying financial statements of **East African Center for the Empowerment of Women and Children, Inc.** (a Washington not-for-profit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 of 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 the 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.

To the Board of Directors of
East African Center for the Empowerment of Women and Children, Inc.
Independent Auditors' Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **East African Center for the Empowerment of Women and Children, Inc.** 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.

Schnaufer & Walker, P.C.

Dallas, Texas
January 8, 2015

EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2013

ASSETS		
Current assets:		
Cash and cash equivalents	$	2,953
Total current assets		2,953
Long-term assets:		
Furniture and equipment		5,662
Less: accumulated depreciation		(5,662)
Total long-term assets		-
TOTAL ASSETS	$	2,953
Commitments and contingencies		-
NET ASSETS		
Unrestricted	$	2,953
TOTAL NET ASSETS		2,953
TOTAL LIABILITES AND NET ASSETS	$	2,953

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

EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

CHANGES IN UNRESTRICTED NET ASSETS		
Revenue and other support:		
Individual and corporate contributions	$	80,120
Corporate grants		1,500
Interest income		1
Total revenue and other support		81,621
Expenses:		
Program services		76,330
Supporting services:		
Management and general		5,186
Total supporting services		5,186
Total expenses		81,516
INCREASE IN NET ASSETS		105
NET ASSETS AT BEGINNING OF YEAR		2,848
NET ASSETS AT END OF YEAR	$	2,953

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

EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2013

	Program services	Supporting services			
	Program services	Management and general	Fundraising	Total	Totals
Accounting	$ -	$ 3,285	$ -	$ 3,285	$ 3,285
Bank fees	1,147	-	-	-	1,147
Contract labor	1,450	-	-	-	1,450
Direct program expenses - Kenya	70,988	-	-	-	70,988
Licenses and permits	185	-	-	-	185
Office supplies	-	593	-	593	593
Postage	711	-	-	-	711
Printing	99	-	-	-	99
Rent	-	1,308	-	1,308	1,308
Website	1,750	-	-	-	1,750
Totals	$ 76,330	$ 5,186	$ -	$ 5,186	$ 81,516

EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$	105
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		-
NET CASH PROVIDED BY OPERATING ACTIVITIES		105
INCREASE IN CASH AND CASH EQUIVALENTS		105
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		2,848
CASH AND CASH EQUIVALENTS - ENDING DECEMBER 31, 2013	$	2,953

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

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

The **East African Center for the Empowerment of Women and Children, Inc. (EAC)** (the Organization) is a Washington not-for-profit corporation and is located in Seattle, Washington. The Organization's mission is to help communities, primarily in Kenya, achieve empowerment by increasing literacy for women and children, improving health status, and eradicating poverty. Programs include women's literacy and business skills training, children's education, maternal and child health, technology education, and agricultural and livestock development. The Organization operates a school with 320 students from kindergarten through eighth grade, a clinic, and manages a team of community health workers. The community health workers use the Organization's facilities to support health education programs, different local worker's cooperatives, and provide various training to different groups, such as economic empowerment courses for families supporting individuals with HIV/AIDS. The Organization reaches nearly 20,000 individuals a year with their programs and services. At the school, they have a farm that provides food for their students and creates a revenue generating surplus; they have incorporated 100 laptops they were awarded by One Laptop Per Child (OLPC) in 2010 into our curriculum.

The Organization's revenue primarily comes from individual and corporate contributions, fundraising events, and grants from corporations and foundations.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of Accounting</u>

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, prepaids, accounts payables, and other liabilities. Under the accrual method of accounting, revenues are recorded when earned and expenses are recorded when incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

<u>Income Taxes</u>

The Organization is a not-for-profit Organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is required to file annual reports with the Internal Revenue Service, form 990, Return of Organizations Exempt from Federal Income Tax. The Organization is in compliance with all federal tax filings.

<u>Basis of Presentation</u>

Financial statement presentation follows the recommendations of FASB ASC 958, *Revenue Recognition – Contributions Received*, where the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents. Cash and cash equivalents are stated at fair value.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over $250. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method, ranging from five to seven years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Net Assets

The Organization's net assets, revenues and gains, and expenses are classified as temporarily restricted and unrestricted net assets based on the existence or absence of donor imposed restrictions. Temporarily restricted net assets contain donor imposed restrictions that permit the Organization to use or expend the donated assets as specified and are satisfied by either the passage of time or the actions of the Organization, depending upon the stipulation of the donor. Unrestricted net assets are not restricted by donors, or the donor imposed restrictions have expired.

Recognition of Revenue

Grants, counseling services, and training income are recognized when earned. Deferred revenue is recorded until the revenue is earned. Donations are recognized as revenue when received and are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the contribution is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Noncash Donations

Donated material, fixed assets and certain services are reflected as contributions at their estimated fair values on the date of receipt and are recorded in the appropriate asset or expense account. Services are recorded if they create or enhance nonfinancial assets or require special skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Classification of Revenue and Expense

Operating activities include items which are directly related to the Organization or are essential support elements of those programs. Depreciation, amortization, and interest expense have been allocated to related operating activities. Interest income and gains or losses on disposals of assets and liabilities do not meet the Organization's criteria for operating activities and are included with other revenue and expense.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America 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.

NOTE C – SUBSEQUENT EVENTS

FASB ASC 855-10 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. That is, whether that date represents the date the financial statements were issued or were available to be issued. The Organization has evaluated subsequent events for potential recognition and/or disclosure in these financial statements through January 8, 2015, the date that the financial statements were available to be issued.