



FINANCIAL STATEMENTS

**YEAR ENDED
SEPTEMBER 30, 2017**



Drake
Certified
Public
Accountants

AFRICAN ENTERPRISE

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INDEPENDENT AUDITORS' REPORT

Board of Directors
African Enterprise
Spokane, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of African Enterprise which are comprised of the statement of financial position as of September 30, 2017, and the related statements of activities and cash flow 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 U. S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 auditors' 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 African Enterprise's preparations 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 African Enterprise'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of African Enterprise as of September 30, 2017, and the results of its operations and its cash flow for the year then ended in accordance with U. S. generally accepted accounting principles.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise African Enterprise's basic financial statements. The Statement of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statement of Functional Expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Functional Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Karl Z. Deube

Drake Certified Public Accountants

January 10, 2018



AFRICAN ENTERPRISE

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2017

ASSETS

CURRENT ASSETS

Cash	\$	27,677
Investments		613,028
Prepaid Expenses		750

TOTAL CURRENT ASSETS 641,455

FIXED ASSETS

Furniture and Equipment		8,533
Less Accumulated Depreciation		(6,924)

TOTAL FIXED ASSETS 1,609

TOTAL ASSETS \$ 643,064

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	5,987
Accrued Expenses		-

TOTAL CURRENT LIABILITIES 5,987

NET ASSETS

Unrestricted:

Undesignated		22,440
Board Designated - Reserve Funds		613,028
Net Investment in Fixed Assets		1,609

Temporarily Restricted		-
Permanently Restricted		-

TOTAL NET ASSETS 637,077

TOTAL LIABILITIES AND NET ASSETS \$ 643,064

See Accompanying Notes to Financial Statements



STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	\$ 463,044	\$ 254,778	\$ -	\$ 717,822
Investment and Interest Income	51,756	-	-	51,756
Other Income	-	-	-	-
Release from Restrictions	309,778	(309,778)	-	-
TOTAL SUPPORT AND REVENUE	<u>824,578</u>	<u>(55,000)</u>	<u>-</u>	<u>769,578</u>
EXPENSES				
Program Services	<u>478,177</u>	<u>-</u>	<u>-</u>	<u>478,177</u>
Supporting Activities				
Management and General	235,136	-	-	235,136
Fund Raising	44,529	-	-	44,529
Total Supporting Activities	<u>279,665</u>	<u>-</u>	<u>-</u>	<u>279,665</u>
TOTAL EXPENSES	<u>757,842</u>	<u>-</u>	<u>-</u>	<u>757,842</u>
INCREASE (DECREASE) IN NET ASSETS	66,736	(55,000)	-	11,736
NET ASSETS - BEGINNING OF YEAR	<u>570,341</u>	<u>55,000</u>	<u>-</u>	<u>625,341</u>
NET ASSETS - END OF YEAR	<u>\$ 637,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 637,077</u>

See Accompanying Notes to Financial Statements



AFRICAN ENTERPRISE

STATEMENT OF CASH FLOW

YEAR ENDED SEPTEMBER 30, 2017

CASH FLOW FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	\$ 11,736
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation	1,432
Changes in Operating Assets and Liabilities:	
Prepaid Expenses	-
Accounts Payable	(317)
Accrued Expenses	(192)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>12,659</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Sale (Purchase) of Fixed Assets	-
Sale (Purchase) of Investments	(29,081)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(29,081)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Increase in Notes Payable	-
Payments on Notes Payable	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(16,422)
CASH - BEGINNING YEAR	<u>44,099</u>
CASH - END OF YEAR	<u><u>\$ 27,677</u></u>
Cash spent for:	
Income Taxes	\$ -
Interest	\$ -

See Accompanying Notes to Financial Statements



NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ORGANIZATION

African Enterprise (the Organization) exists to see the continent of Africa saved by the love of Jesus, Africans disciplined by the church and transformed for good works. The vision of the Organization is to become the most faithful and effective evangelistic catalyst for holistic evangelism in Africa. The mission of the Organization is to evangelize the cities of Africa through word and deed in partnership with the Church.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

ESTIMATES

The preparation of financial statements on the accrual basis of accounting in conformity with 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, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenue and expenses during the reporting period. Actual results could differ from estimates.

INCOME TAXES

The Organization is exempt from Federal income taxes under Code Section 501(c)(3) of the Internal Revenue Service Code. Contributions to the Organization qualify for the charitable contribution deduction under Code Section 170(b)(1)(A). The Organization has been determined not to be a private foundation under Code Section 509.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and savings accounts. These accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

INVESTMENTS

Investments are carried at fair market value, with realized and unrealized gains and losses reported as unrestricted revenue in the statement of activities. Donated investments are recorded at fair market value on the date of donation and are thereafter carried in accordance with the above provisions.

FIXED ASSETS

Property and equipment are stated at cost, or if donated, at the estimated fair value at the date of donation. Property donated with restrictions regarding its use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time. Purchases on long-lived assets in excess of \$500 with a useful life in excess of one year are capitalized. Depreciation is recorded using the straight-line method.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CLASSES OF NET ASSETS

The net assets of the Organization have been reported in the following classes:

Unrestricted net assets consist of amounts currently available for use in the Organization's operations and those resources invested in property and equipment.

Temporarily restricted net assets consist of donor-restricted contributions for the support of projects.

Permanently restricted net assets consist of donor-restricted funds that require the principal of the gift to be invested in perpetuity.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amount. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Investment and other income is recorded when earned.

CONTRIBUTED SERVICES

During the year ended September 30, 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

ALLOCATION OF EXPENSES

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

3. FIXED ASSETS

Fixed assets as of September 30, 2017, consist of the following:

Furniture and Equipment	\$	8,533
Less Accumulated Depreciation		(6,924)
	\$	1,609

**4. INVESTMENTS**

Investments at estimated fair value as of September 30, 2017, consist of:

Money Market	\$	54
Common Stock		4,929
Mutual Funds:		
Equity Funds		354,407
Fixed Income Funds		253,638
	\$	613,028

Investment income (loss) during the year ended September 30, 2017, consists of:

Interest and Dividends	\$	16,821
Net Realized and Unrealized Gain (Loss)		34,924
	\$	51,745

5. FAIR VALUE MEASUREMENTS

The Organization uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available.

Fair values of assets as of September 30, 2017, are:

	Fair Value Measurements Using				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Common Stock	\$ 4,929	\$ -	\$ -	\$ 4,929	
Mutual Funds:					
Equity Funds	354,407	-	-	354,407	
Fixed Income Funds	253,638	-	-	253,638	
	\$ 612,974	\$ -	\$ -	\$ 612,974	



6. TEMPORARILY RESTRICTED NET ASSETS

The Organization had no temporarily restricted net assets as of September 30, 2017.

7. COMMITMENTS

In April 2010, the Organization entered into an agreement with an independent contractor to perform donor development services. The term of the agreement was five years and required monthly payments of \$1,200. This agreement expired during the year ended December 31, 2015. The agreement has been continued on a month to month basis beginning January 1, 2016. Total expense during the year ended September 30, 2017, was \$14,400. There are no future minimum payments.

In August 2015, the Organization entered into an agreement to lease office space under an operating lease agreement. The lease requires payments of \$741 per month for the first year of lease and increase for every subsequent year. The lease expires in November 2018. Lease expense during the year ended September 30, 2017, was \$8,301. Future minimum payments are as follows:

Year ended September 30,	
2018	\$ 9,222
2019	1,542
	<u>\$ 10,764</u>

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

AFRICAN ENTERPRISE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2017

	Supporting Activities			Total Expenses
	Program	General and Administrative	Fund Raising	
Ministry Expenses	\$ 478,177	\$ -	\$ -	\$ 478,177
Bank Service Charges	-	2,190	-	2,190
Contract Services	-	39,289	4,695	43,984
Credit Card Processing Fees	-	-	4,102	4,102
Donor Acquisition	-	-	384	384
Travel	-	8,508	4,035	12,543
Office Supplies	-	24,551	2,102	26,653
Printing and Mailing	-	16,118	23,648	39,766
Postage and Freight	-	1,536	3,133	4,669
Website	-	-	2,430	2,430
Education	-	841	-	841
Miscellaneous Expenses	-	303	-	303
Salaries and Wages	-	108,262	-	108,262
Payroll Taxes	-	9,260	-	9,260
Office Rent	-	8,301	-	8,301
Insurance	-	1,435	-	1,435
Electric and Phone	-	4,720	-	4,720
Equipment Rental	-	2,204	-	2,204
Subscriptions and Dues	-	6,186	-	6,186
Depreciation	-	1,432	-	1,432
Total Expenses	\$ 478,177	\$ 235,136	\$ 44,529	\$ 757,842