

FOUNDATION RWANDA INC.

Financial Statements

and

Supplementary Information

December 31, 2008

FOUNDATION RWANDA INC.

Index

| | <u>Page</u> |
|--|-------------|
| Independent Auditor's Report | 1 |
| Statement of Financial Position as of December 31, 2008 | 2 |
| Statement of Activities for the Period from February 6, 2008 (Inception) to December 31, 2008 | 3 |
| Statement of Cash Flows for the Period from February 6, 2008 (Inception) to December 31, 2008 | 4 |
| Notes to Financial Statements | 5-8 |
| <u>Supplementary Information</u> | 9 |
| Independent Auditor's Report on the Supplementary Information | 10 |
| Schedule of Functional Expenses for the Period from February 6, 2008 (Inception) to December 31, 2008 | 11 |



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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Foundation Rwanda Inc.

We have audited the accompanying statement of financial position of Foundation Rwanda Inc. as of December 31, 2008, and the related statements of activities and cash flows for the period from February 6, 2008 (inception) to December 31, 2008. These financial statements are the responsibility of the Foundation's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation Rwanda Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the period from February 6, 2008 (inception) to December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

MHM Mahoney Cohen CPAs

September 30, 2009

FOUNDATION RWANDA INC.
Statement of Financial Position
December 31, 2008

ASSETS

Current assets:

| | |
|---|----------------|
| Cash | \$ 224,840 |
| Interest in net assets of Boston for Africa, LLC (Note 5) | 11,315 |
| Prepaid expenses and other current assets | 1,774 |
| Total current assets | <u>237,929</u> |

| | |
|--------------------------------|-------------------|
| Intangible asset, net (Note 4) | <u>4,206</u> |
| | <u>\$ 242,135</u> |

LIABILITIES AND UNRESTRICTED NET ASSETS

| | |
|---------------------------------------|-------------------|
| Accounts payable and accrued expenses | \$ 9,304 |
| Unrestricted net assets | <u>232,831</u> |
| | <u>\$ 242,135</u> |

See accompanying notes.

FOUNDATION RWANDA INC.

Statement of Activities

For the Period from February 6, 2008 (Inception) to December 31, 2008

| | |
|---|-------------------|
| Public support and revenue (Notes 3): | |
| Contributions and grants | \$ 272,099 |
| Change in net assets of Boston for Africa, LLC (Note 5) | 41,315 |
| Donated services (Note 7) | 43,675 |
| Interest income | 4,636 |
| Total public support and revenue | <u>361,725</u> |
| Expenses (Notes 6): | |
| Program services: | |
| Grants | 42,679 |
| Other program services | 25,618 |
| Total program services | <u>68,297</u> |
| Supporting services: | |
| Management and general services | 25,402 |
| Fundraising | 35,195 |
| Total supporting services | <u>60,597</u> |
| Total expenses | <u>128,894</u> |
| Change in unrestricted net assets | 232,831 |
| Unrestricted net assets, beginning of period | <u>-</u> |
| Unrestricted net assets, end of year | <u>\$ 232,831</u> |

See accompanying notes.

FOUNDATION RWANDA INC.
Statement of Cash Flows
For the Period from February 6, 2008 (Inception) to December 31, 2008

| | |
|--|-------------------|
| Cash flows from operating activities: | |
| Change in unrestricted net assets | \$ 232,831 |
| Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities: | |
| Amortization | 469 |
| Change in assets and liabilities: | |
| Interest in Boston for Africa, LLC | (11,315) |
| Prepaid expenses and other current assets | (1,774) |
| Non-cash contributions of intangible asset | (4,675) |
| Accounts payable and accrued expenses | 9,304 |
| Net cash provided by operating activities and net increase in cash | <u>224,840</u> |
| Cash, beginning of period | <u>-</u> |
| Cash, end of year | <u>\$ 224,840</u> |

Supplemental Schedule of Non-Cash Investing Activities

Gifts in-kind totalling \$4,675 were capitalized in 2008.

See accompanying notes.

FOUNDATION RWANDA INC.
Notes to Financial Statements

Note 1 - The Foundation

Foundation Rwanda Inc. (the "Foundation") is a not-for-profit organization incorporated under the laws of the State of New York on February 6, 2008 dedicated to promote and advance the education of children born out of sexual violence during the 1994 genocide in Rwanda through the distribution of educational grants and scholarships.

The Foundation is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Basis of Presentation

The financial statement presentation follows Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Foundation 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. Accordingly, the net assets of the Foundation 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 Foundation and/or the passage of time. As of December 31, 2008, the Foundation does not have any temporarily restricted net assets.

Permanently Restricted Net Assets

Permanently restricted net assets is the class of net assets that is subject to donor-imposed stipulations that they be maintained permanently by an organization. As of December 31, 2008, the Foundation does not have any permanently restricted net assets.

FOUNDATION RWANDA INC.
Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue and Expenses

Revenue is reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. The Foundation reports donor-restricted contributions where restrictions are met in the same reporting period as changes in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions and Grants

Contributions and grants are recognized as revenue in the period received. The Foundation considers all contributions and grants available for unrestricted use, unless specifically restricted by the donor or due in future periods, in which case they are recorded as temporarily restricted.

Advertising

Advertising expenses are charged to operations as incurred. For the period from February 6, 2008 (inception) to December 31, 2008, advertising expense of approximately \$25,000 related to donated services provided during the period (see Note 7).

Use of Estimates

The preparation of financial statements 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 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.

Intangible Asset

The intangible asset is stated at cost or fair market value at the date of purchase or gift. Amortization of the intangible asset is provided on a straight-line basis over its estimated useful life of five years.

FOUNDATION RWANDA INC.
Notes to Financial Statements

Note 3 - Concentration of Credit Risk and Major Grantors or Contributors

Cash

The Foundation maintains cash balances at a bank. Cash accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Major Grantors or Contributors

During the period from February 6, 2008 (inception) to December 31, 2008, two foundations accounted for approximately 64% of total public support and revenue. The change in net assets from Boston for Africa, LLC (see Note 5) accounted for approximately 12% of total public support and revenue.

Note 4 - Intangible Asset

Intangible asset consists of the following:

| | |
|--------------------------------|-----------------|
| Website | \$ 4,675 |
| Less: Accumulated amortization | <u>469</u> |
| | <u>\$ 4,206</u> |

For the period from February 6, 2008 (inception) to December 31, 2008, amortization expense amounted to \$469. Amortization expense is estimated to be \$935 for each of the next five years.

Note 5 - Related Party Transactions

On August 24, 2008 and as amended on October 22, 2008, the Foundation entered into an agreement with two other nonprofit organizations to form Boston for Africa, LLC, of which the Foundation is a 25% member. Boston for Africa, LLC was formed to organize and participate in fundraising events on behalf of its members, to benefit the people of Africa, to accept and hold in trust all contributions, and to act as an agent for each of its members in connection with such fundraising events. During the period from February 6, 2008 (inception) to December 31, 2008, Boston for Africa, LLC held a fundraiser, for which the Foundation recognized its membership share of the proceeds of approximately \$41,000. As of December 31, 2008, the Foundation's interest in net assets of Boston for Africa, LLC amounted to approximately \$11,000. Boston for Africa, LLC was dissolved subsequent to year-end on May 29, 2009.

FOUNDATION RWANDA INC.
Notes to Financial Statements

Note 6 - Functional Allocation of Expenses

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

Note 7 - Donated Services

Donated services are recorded as revenue and as expenditures in the accompanying statement of activities at their estimated fair values at the date of receipt to the extent that they require specialized skills which, if not provided by donations, would have to be purchased by the Foundation. For the period from February 6, 2008 (inception) to December 31, 2008, the Foundation received approximately \$44,000 in donated services, which consisted of legal, accounting and advertising.



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**INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY INFORMATION**

The Board of Directors
Foundation Rwanda Inc.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

MHM Mahoney Cohen CPAs

September 30, 2009

SUPPLEMENTARY INFORMATION

FOUNDATION RWANDA INC.
(Supplementary Information)
Schedule of Functional Expenses
For the Period from February 6, 2008 (Inception) to December 31, 2008

| | Supporting Services | | | Total Supporting Services | Total Expenses |
|-------------------------------------|---------------------|---------------------------------------|-------------|---------------------------------|-------------------|
| | Program Services | Management and General Services | Fundraising | | |
| Salaries and related expenses: | | | | | |
| Salaries | \$ 2,500 | \$ 1,750 | \$ 8,250 | \$ 10,000 | \$ 12,500 |
| Payroll taxes and health benefits | 734 | 509 | 2,390 | 2,899 | 3,633 |
| Total salaries and related expenses | 3,234 | 2,259 | 10,640 | 12,899 | 16,133 |
| Donated services: | | | | | |
| Legal | - | 16,955 | - | 16,955 | 16,955 |
| Accounting | - | 1,900 | - | 1,900 | 1,900 |
| Advertising | 8,273 | - | 16,547 | 16,547 | 24,820 |
| Total donated services | 8,273 | 18,855 | 16,547 | 35,402 | 43,675 |
| Other expenses: | | | | | |
| Accounting | - | 1,900 | - | 1,900 | 1,900 |
| Audio/Video | 2,809 | - | - | - | 2,809 |
| Bank fees | - | 448 | 349 | 797 | 797 |
| Amortization | 234 | - | 235 | 235 | 469 |
| Editing | - | - | 225 | 225 | 225 |
| Gala gifts | - | - | 1,123 | 1,123 | 1,123 |
| Government fees | - | 800 | - | 800 | 800 |
| Grants | 42,679 | - | - | - | 42,679 |
| Graphics and design | - | - | 1,140 | 1,140 | 1,140 |
| Insurance | 83 | 53 | 219 | 272 | 355 |
| Meals and entertainment | 478 | 197 | 77 | 274 | 752 |
| Office supplies | 883 | 827 | 1,122 | 1,949 | 2,832 |
| Postage | 95 | - | 288 | 288 | 383 |
| Printing services | - | - | 1,105 | 1,105 | 1,105 |
| Publications | 138 | - | 138 | 138 | 276 |
| Travel | -9,384 | 63 | 1,987 | 2,050 | 11,434 |
| Miscellaneous | 7 | - | - | - | 7 |
| Total other expenses | 56,790 | 4,288 | 8,008 | 12,296 | 69,086 |
| Total expenses | \$ 68,297 | \$ 25,402 | \$ 35,195 | \$ 60,597 | \$ 128,894 |

See independent auditor's report on the supplementary information.