

YAMBA MALAWI, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT.....	1-2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENTS OF ACTIVITIES.....	4
STATEMENTS OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS.....	6-10
SUPPLEMENTARY INFORMATION	
STATEMENT OF FUNCTIONAL EXPENSES.....	11-12



BURZENSKI & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Yamba Malawi, Inc.

We have audited the accompanying financial statements of Yamba Malawi, Inc. (a nonprofit organization), formerly known as Goods for Good, Inc. which comprise the statements of financial position as of December 31, 2016, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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 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 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 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 Yamba Malawi, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



BURZENSKI & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL CONSULTANTS

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on pages 11-12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Prior Period Financial Statements

The financial statements of Goods for Good, Inc. as December 31, 2015, were audited by other auditors whose report dated September 20, 2016, expressed an unmodified opinion on those statements.

Burzenski & Company

Certified Public Accountants

East Haven, CT
November 3, 2017

YAMBA MALAWI, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016

	Assets	
	<u>2016</u>	<u>2015</u>
Current Assets		
Cash	\$ 569,519	\$ 471,923
Pledges receivable (Note 1)	90,400	124,500
Investments (Note 2)	3,395	-
Prepaid expenses	4,550	6,704
Total Current Assets	<u>667,864</u>	<u>603,127</u>
Other Assets		
Fixed assets net of accumulated depreciation (Note 3)	37,322	45,090
Security deposit	15,195	15,195
Intangible assets, net of accumulated amortization (Note 4)	-	259
Total other assets	<u>52,517</u>	<u>60,544</u>
 Total Assets	 <u>\$ 720,381</u>	 <u>\$ 663,671</u>
	Liabilities and Net Assets	
Current Liabilities		
Accounts payable and accrued expenses	\$ 29,293	\$ 16,009
Net Assets		
Unrestricted	<u>691,088</u>	<u>647,662</u>
 Total Liabilities and Net Assets	 <u>\$ 720,381</u>	 <u>\$ 663,671</u>

See independent auditors' report and notes to financial statements.

YAMBA MALAWI, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>
SUPPORT AND REVENUE						
Cash contributions	387,582	-	387,582	342,981	-	342,981
In-kind contributions	221,649	-	221,649	194,353	-	194,353
Total Contributions	<u>609,231</u>	<u>-</u>	<u>609,231</u>	<u>537,334</u>	<u>-</u>	<u>537,334</u>
Fundraiser receipts	847,219	-	847,219	755,018	-	755,018
Less: fundraiser expenses	(114,263)	-	(114,263)	(94,609)	-	(94,609)
Net Fundraiser Receipts	<u>732,956</u>	<u>-</u>	<u>732,956</u>	<u>660,409</u>	<u>-</u>	<u>660,409</u>
Investment income	(2,959)	-	(2,959)	113	-	113
Other revenue	7,546	-	7,546	23,482	-	23,482
	<u>1,346,774</u>	<u>-</u>	<u>1,346,774</u>	<u>1,221,338</u>	<u>-</u>	<u>1,221,338</u>
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of program restrictions (Note 5)	-	-	-	103,955	(103,955)	-
Total Support and Revenue	<u>1,346,774</u>	<u>-</u>	<u>1,346,774</u>	<u>1,325,293</u>	<u>(103,955)</u>	<u>1,221,338</u>
EXPENSES						
Program operations	1,177,575	-	1,177,575	966,785	-	966,785
Management and administration	27,195	-	27,195	63,923	-	63,923
Fundraising	98,578	-	98,578	133,975	-	133,975
Total Expenses	<u>1,303,348</u>	<u>-</u>	<u>1,303,348</u>	<u>1,164,683</u>	<u>-</u>	<u>1,164,683</u>
CHANGES IN NET ASSETS	43,426	-	43,426	160,610	(103,955)	56,655
NET ASSETS - BEGINNING OF YEAR	<u>647,662</u>	<u>-</u>	<u>647,662</u>	<u>487,052</u>	<u>103,955</u>	<u>591,007</u>
NET ASSETS - END OF YEAR	<u><u>691,088</u></u>	<u><u>-</u></u>	<u><u>691,088</u></u>	<u><u>647,662</u></u>	<u><u>-</u></u>	<u><u>647,662</u></u>

See independent auditors' report and notes to financial statements.

YAMBA MALAWI, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Changes in net assets	\$ 43,426	\$ 56,655
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	14,580	24,386
Forgiveness of loan receivable	-	915
Forgiveness of loan from directors	-	(19,541)
Changes in assets and liabilities:		
Pledges receivable	34,100	(20,545)
Prepaid expenses	2,154	2,513
Accounts payable and accrued expenses	13,284	8,425
Net cash provided by operating activities	<u>107,544</u>	<u>52,808</u>
Cash flows from investing activities		
Purchase of investments	(3,395)	-
Purchase of property, plant and equipment	(6,553)	(42,300)
Security deposit	-	1,224
Net cash used in investing activities	<u>(9,948)</u>	<u>(41,076)</u>
Net increase in cash	97,596	11,732
Cash, beginning of year	<u>471,923</u>	<u>460,191</u>
Cash, end of year	<u>\$ 569,519</u>	<u>\$ 471,923</u>

See independent auditors' report and notes to financial statements.

YAMBA MALAWI, INC.
NOTES TO FINANCIAL STATEMENTS
DECIMEBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Yamba Malawi, Inc. (The "Organization") is a non-profit organization established in 2006 and formed solely for charitable and educational purposes. As an institution, Yamba Malawi, Inc. empowers communities in Malawi to support orphans and other children in need. The Organization meets the immediate needs of these children while partnering with local community centers to strengthen their skills and build businesses for sustained impact. This three-pronged approach addresses the urgent needs of the children while enabling communities to provide for them in the long run.

Net Asset Categories

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the net assets of the Organization are maintained in the following categories.

Unrestricted Net Assets

Unrestricted net assets represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Temporarily Restricted Net Assets

Temporarily restricted net assets include contributions that are restricted by the donor either as to purpose or time of expenditure.

Permanently Restricted Net Assets

Permanently restricted net assets represent contributions received with the donor restriction in perpetuity.

Basis of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting. Legally enforceable pledges less an allowance for uncollectible amounts, if any, are recorded as receivable in the year made.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

YAMBA MALAWI, INC.
NOTES TO FINANCIAL STATEMENTS
DECIMEBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include all monies in bank and highly liquid investments with maturity dates of less than three months and any certificates of deposit that do not contain material early withdrawal penalties. Carrying values of cash and cash equivalents approximate fair value because of the short maturities of those financial instruments.

Property and Equipment

Property and equipment are recorded in the financial statements at cost. Significant improvements and betterments made to fixed assets are capitalized, whereby incidental repairs are expensed. Depreciation is provided for in the financial statements based upon the estimated useful lives of the corresponding assets.

Intangible Assets

The costs of developing the Organization's website and for significant improvements thereto are capitalized. These costs are being amortized over three years on a straight line basis.

Pledges Receivable

The pledges receivable of \$90,400 at December 31, 2016 are expected to be fully collected and represent future funds to be received. Pledges receivable, both conditional and unconditional, are recognized upon initial receipt of funds.

Once the Organization is reasonably assured as to the validity of pledges, as evidenced by initial collection, it recognizes the balance of the pledge in the current period.

Use of Estimates

The preparation of financial statements in accordance with 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Functional Allocation of Expenses

The costs of providing programs have been summarized on a functional basis in the Statement of Functional Expenses. Management and administration expenses include those expenses that are not directly identifiable with another specific function but provide for the overall support and direction of the Organization.

Inventory

The Organization accounts for the donation of goods and other in-kind donations as unrestricted contributions at the value assigned to them by the respective donor organizations, which approximates lower of cost or market valuation. All donated goods are added to inventory until they are distributed to programs and accounted for as a distributed goods expense on the statement of activities.

YAMBA MALAWI, INC.
NOTES TO FINANCIAL STATEMENTS
DECIMEBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

Unpaid volunteers have made significant contributions of their time to develop the Organization's programs. The value of these donated services is not included in these financial statements as they do not meet the criteria for recognition.

Consistent with generally accepted accounting principles for nonprofit organizations, the value of contributed services meeting the requirements for recognition are recorded at fair value in the period received. During the years ended December 31, 2016 and 2015, the Organization received \$0 and \$30,165 of contributed services, the fair value of which are recorded in the statement of activities.

Income Taxes

The Organization is a not-for-profit organization and is exempt from federal and state income taxes as a public charity under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

2. FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

YAMBA MALAWI, INC.
NOTES TO FINANCIAL STATEMENTS
DECIMEBER 31, 2016

2. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. When, as a practical expedient, an investment is measured at fair value on the basis of net asset value (NAV), its classification as Level 2 or 3 will be impacted by the ability to redeem the investment at NAV at the measurement date. If there is uncertainty or the inability to redeem an investment at NAV in the near term subsequent to the measurement date, the investment is categorized as Level 3.

The following is a description of the valuation methodologies used for assets measured at fair value:

Investments are valued at the quoted fair market value of the underlying assets held at year end.

The investments as of December 31, 2016 consist of marketable securities and are classified as level 1.

3. FIXED ASSETS

Fixed assets consist of the following, as of December 31,

	<u>2016</u>	<u>2015</u>
Vehicles	\$ 105,530	\$ 98,976
Furniture and equipment	12,362	13,632
Leasehold improvements	<u>24,500</u>	<u>24,500</u>
	142,392	137,109
Less: accumulated depreciation	<u>(105,070)</u>	<u>(92,019)</u>
	<u>\$ 37,322</u>	<u>\$ 45,090</u>

Depreciation expense for the year ended December 31, 2016 and 2015 was \$14,321 and \$24,386, respectively.

4. INTANGIBLE ASSETS

	<u>2016</u>	<u>2015</u>
Website development costs	\$ 18,000	\$ 18,000
Less: accumulated amortization	<u>18,000</u>	<u>17,741</u>
	<u>\$ 0</u>	<u>\$ 0</u>

Amortization expense for the year ended December 31, 2016 and 2015 was \$259 and \$1,079, respectively.

5. CONCENTRATION OF CREDIT RISK

Cash in banks, based on bank balances, exceeded Federal Deposit Insurance Corporation insured limits as of December 31, 2016 by \$280,781. The balances also exceeded the insured limit at various times during the years.

YAMBA MALAWI, INC.
NOTES TO FINANCIAL STATEMENTS
DECIMEBER 31, 2016

6. RENT EXPENSE AND LEASE COMMITMENT

The Organization's had leased its office premises located in New York, New York through May 31, 2015. The Organization presently occupies office premises in Brooklyn, New York under an operating lease for a five-year period expiring April 30, 2020.

The Organization also leases office space in Lilongwe, Malawi on a yearly basis.

Total rent expense incurred by the Organization for the years ended December 31, 2016 and 2015 was \$77,404 and \$65,343 respectively.

Minimum future lease payments under non-cancellable operation leases at December 31, 2016 are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2017	\$ 72,554
2018	58,432
2019	60,188
2020	<u>20,260</u>
	<u>\$ 211,434</u>

7. LOAN FROM DIRECTORS

During 2010, the Organization received \$40,000 from two directors for programs and operations. The loan was non-interest bearing and was payable on demand per agreement. The loan balance of \$19,541 at December 31, 2014 was forgiven in 2015 and is reflected in the revenue section of the statements of activities.

8. DEFINED CONTRIBUTION PENSION PLAN

The Organization contributed to a pension plan for all eligible employees located in Malawi as mandated under Malawi laws. For the year ended December 31, 2016, the Organization contributed \$18,406 and is included in personnel expense on the Statement of Functional Expenses.

9. MAJOR CONTRIBUTORS

One entity contributed approximately 13% of the Organization's total revenue and support for the Year ended December 31, 2016.

10 SUBSEQUENT EVENTS

Management has considered subsequent events through November 3, 2017, which is the date that financial statements were available to be issued. Management has determined there are no material subsequent events requiring disclosure in accordance with generally accepted accounting principles as November 3, 2017.

YAMBA MALAWI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>PROGRAM OPERATIONS</u>					Total	Management		Total
	<u>Community</u>	<u>Hunger</u>	<u>Shoes for</u>	<u>Tailoring</u>	<u>Programs</u>	<u>Program</u>	<u>and</u>	<u>Fundraising</u>	<u>Expenses</u>
	<u>Enterprise</u>	<u>Campaign</u>	<u>Success</u>		<u>General</u>	<u>Operations</u>	<u>Administration</u>		
Business expenses	3,492	-	-	-	8,836	12,328	494	1,792	14,614
Contract services	-	-	-	-	52,789	52,789	844	3,058	56,691
Facilities and equipment	17,321	-	-	-	49,702	67,023	2,781	10,079	79,883
Operations	30,762	-	-	-	16,177	46,939	860	3,118	50,917
Other types of expenses	294	-	-	-	18,728	19,022	1,048	3,798	23,868
Promotional expenses	-	-	-	-	91,032	91,032	5,093	18,461	114,586
Payroll	208,683	-	-	21,280	266,930	496,893	16,075	58,272	571,240
Travel and meetings	53,791	-	-	-	-	53,791	-	-	53,791
Depreciation	14,580	-	-	-	-	14,580	-	-	14,580
Program expenses	74,925	74,995	170,383	2,875	-	323,178	-	-	323,178
	<u>403,848</u>	<u>74,995</u>	<u>170,383</u>	<u>24,155</u>	<u>504,194</u>	<u>1,177,575</u>	<u>27,195</u>	<u>98,578</u>	<u>1,303,348</u>

YAMBA MALAWI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>PROGRAM OPERATIONS</u>							
	<u>Community</u> <u>Enterprise</u>	<u>Shoes for</u> <u>Success</u>	<u>Tailoring</u>	<u>Programs</u> <u>General</u>	<u>Total</u> <u>Program</u> <u>Operations</u>	<u>Management</u> <u>and</u> <u>Administration</u>	<u>Fundraising</u>	<u>Total</u> <u>Expenses</u>
Business expenses	1,718	0	0	3,933	5,651	607	1,272	7,530
Contract services	705	0	0	15,208	15,913	2,347	4,919	23,179
Facilities and equipment	19,968	0	0	68,693	88,661	10,602	22,220	121,483
Operations	23,711	0	0	14,024	37,735	2,164	4,536	44,435
Other types of expenses	165	0	0	2,819	2,984	435	912	4,331
Promotional expenses	0	0	0	57,075	57,075	8,809	18,462	84,346
Payroll expenses	140,584	0	18,680	252,432	411,696	38,959	81,654	532,309
Travel and meetings	47,339	0	0	0	47,339	0	0	47,339
Depreciation	24,386	0	0	0	24,386	0	0	24,386
Program expenses	133,499	130,673	11,173	0	275,345	0	0	275,345
	<u>392,075</u>	<u>130,673</u>	<u>29,853</u>	<u>414,184</u>	<u>966,785</u>	<u>63,923</u>	<u>133,975</u>	<u>1,164,683</u>