

**DETERMINED TO DEVELOP**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**



*Whited Seigneur Sams & Rabe, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

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# DETERMINED TO DEVELOP

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May 8, 2018

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Determined to Develop

We have audited the accompanying consolidated financial statements of Determined to Develop (a nonprofit corporation) (the Organization) and its subsidiary, which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated 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 consolidated 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 consolidated financial statements based on our audits. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses and consolidating financial statements on pages 10 thru 12 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

*Whited Seigneur Sams & Rahe*

**DETERMINED TO DEVELOP  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017**

**ASSETS**

<b>Current Assets</b>	
Cash and Cash Equivalents	\$ <u>95,753</u>
<b>Total Current Assets</b>	95,753
<b>Property &amp; Equipment, Net</b>	<u>516,586</u>
<b>Total Assets</b>	<u>\$ 612,339</u>

**LIABILITIES AND NET ASSETS**

<b>Net Assets</b>	
Temporarily Restricted Net Assets	\$ 25,000
Unrestricted Net Assets	<u>587,339</u>
<b>Total Net Assets</b>	<u>612,339</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 612,339</u>

**DETERMINED TO DEVELOP  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017**

<b>Revenues and Support</b>	
Support	
Direct Contributions	\$ 264,119
Gifts In-Kind	<u>10,964</u>
Total Support	275,083
Grants	252,420
Other Income	<u>200</u>
<b>Total Revenues and Support</b>	<b>527,703</b>
<b>Expenses</b>	
Program Expense	229,973
Fundraising Expense	13,703
Management and General Expense	<u>17,497</u>
<b>Total Operating Expenses</b>	<b><u>261,173</u></b>
<b>Change in Net Assets</b>	
Profit/(Loss) from Operations	266,530
Change in Exchange Rate Equity	<u>(4,123)</u>
<b>Total Change in Net Assets</b>	<b>262,407</b>
<b>Net Assets, Beginning of Year</b>	<b><u>349,932</u></b>
<b>Net Assets, End of Year</b>	<b><u>\$ 612,339</u></b>

**DETERMINED TO DEVELOP  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2017**

<b>Cash Flows From Operating Activities</b>	
Change in Net Assets	\$ 266,530
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	<u>7,499</u>
<b>Net Cash Flows Provided (Used) by Operating Activities</b>	274,029
<b>Cash Flows From Investing Activities</b>	
Acquisition of Fixed Assets	<u>(384,225)</u>
<b>Net Cash Flows (Used) by Investing Activities</b>	(384,225)
<b>Effect of Exchange Rate Changes on Cash</b>	<u>(4,123)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(114,319)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>210,072</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 95,753</u>

# DETERMINED TO DEVELOP NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Description of the Entity**

The purpose of the U.S. based Organization is to empower the people of Malawi, Africa to implement sustainable, community-driven solutions that promote human advancement. Their focus of operation is based in the rural community of Chilumba, in the Karonga district of northern Malawi and work side-by-side with members of the community to address their needs and provide assistance in the overall development of the wider region. Their program focus in Malawi is to support the four cornerstones of their development model – Education & Youth, Health & Nutrition, Women’s Empowerment, and Environment. The Organization’s projects are deeply influenced and infused with the crosscutting issues of orphan care, gender equality and social justice. Education and youth support, especially for the girl child, is the number one focus area, reflecting the priorities of the community.

In 2017, the Friends of Wasambo Education Foundation, LLC (FWEF) was created with Determined to Develop as the sole member. The purpose of this nonprofit company is raising money to fund the construction and operation of a school in rural Malawi, Africa. These consolidated financial statements incorporate the financial statements for FWEF.

- **Principles of Consolidation**

The consolidated financial statements include the accounts of Determine to Develop and its subsidiary, as identified above. All material inter-organizational transactions and balances have been eliminated. The Organization and its subsidiary maintain the same fiscal period and differences in methods of accounting are not material.

- **Financial Statement Presentation**

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.

- **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

- **Cash and Cash Equivalents**

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents for purposes of the Statement of Cash Flows. Cash equivalents are stated at cost, which approximates market value.

- **Federal Income Tax**

No provisions are made for federal, state or local income tax because the non-profit charity is tax exempt from most federal, state and local taxes under the provisions of the Internal Revenue Code for 501(c)(3) entity. All IRS Form 990, Return of Organization Exempt from Income Tax, have been timely filed and are subject to examination by the IRS, generally for three years after they are filed.



**DETERMINED TO DEVELOP  
NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- **Accounts Receivable**

Accounts receivable are stated at unpaid balances. Receivables are considered impaired if full principal payments are not received in a timely manner. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

- **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

- **Property and Depreciation**

Expenditures for major renewals and betterments that extend the useful lives of equipment, furniture and leasehold improvements are capitalized if the cost exceeds \$500 individually or as part of a group purchase. Expenditures for maintenance and repairs are charged to expense as incurred. Assets are recorded on the financial statements at cost. Costs incurred for major projects, such as the purchase and repairs of a facility, are accumulated in the construction in progress until project completion and reclassified as a depreciable asset.

Depreciation of depreciable assets is determined by the individual asset on a straight-line basis. Estimated useful lives for office equipment and furniture is 5- 7 years.

- **Contributed Services & Facilities**

A substantial number of unpaid volunteers, including the executive director, have made significant contributions of their time. In addition, the Organization does not pay for facilities for their African project. The value of these contributed items is not reflected in these statements since it is not susceptible to objective measurement or valuation.

- **Operation**

The Organization considers support revenue and expense for the direct operation of the Organization's activities to be a change in net assets from operations.

- **Restricted and Unrestricted Revenue**

Contributions and gains that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

- **Advertising**

The Organization expenses advertising costs as they are incurred.

**DETERMINED TO DEVELOP  
NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- **Date of Management's Review of Subsequent Events**

Management has evaluated subsequent events and transactions for potential recognition through May 8, 2018, the date the financial statements were available to be issued.

**2. CONCENTRATIONS**

**Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

The Organization has deposits at various banks. Currently, \$250,000 of insurance is provided at each bank through FDIC. The Organization's deposits held at U.S. banks are fully covered by FDIC for the year ended December 31, 2017. The Organization's deposits at the banks in Africa are not covered by FDIC.

**3. CUMULATIVE EXCHANGE RATE EQUITY**

The Organization is based in the United States as a non-profit charity under IRS Code 501(c)(3) corporation and has opted to report its financial statements in U.S. dollars. The Organization has project operations in Malawi, Africa. Transactions occurring during the year are converted utilizing the current market exchange rates between the U.S. dollar and the Malawi kwacha at the time of the transaction. Certain estimates and valuations utilized in the preparation of the financial statements are valued as of the exchange rates at December 31, 2017. A variance may exist during the reporting process between the ending exchange rates and the historic exchange rate recorded at the time of the transaction. This creates cumulative exchange rate equity.

At December 31, 2017, the Organization has accumulated \$2,267 in rate exchange equity. The gains and losses on these transactions are not to be accounted for on the statement of activities but will remain an equity account until the foreign operation is closed. The Organization is not involved in hedging activities nor does the equity transactions effect income taxes. The reported effect of the exchange rate was (\$4,123) for fiscal year 2017. The ending exchange rate was approximately k731.00 for every \$1 as compared to k720.56 as of the date of this report.

**4. PROPERTY AND EQUIPMENT, NET**

At December 31, 2017, property and equipment are comprised of the following:

Office Equipment	<u>\$ 67,483</u>
Total Depreciable Assets	67,483
Accumulated Depreciation	<u>(12,969)</u>
Net Depreciable Assets	54,514
Land	14,773
Construction-in-Progress	<u>447,299</u>
	<u><u>\$516,586</u></u>

Depreciation expense was \$7,499 for fiscal year 2017.

**DETERMINED TO DEVELOP  
NOTES TO THE FINANCIAL STATEMENTS**

**5. RELATED PARTY TRANSACTIONS**

For 2017, the Friends of Wasambo Education Foundation, LLC had received \$8,000 in funds from the Organization to assist with the school project. An additional \$25,000 was received by the organization at year-end and was subsequently transferred on January 2, 2018 given the holiday week-end.

**6. FAIR VALUE OF FINANCIAL INSTRUMENTS**

FASB ASC 820, *Fair Value Measurements*, provides a framework for measuring fair value that requires an entity to determine fair value based on exit price in the principle market for the asset or liability being measured. Fair value is defined as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principle or most advantageous market available to the entity in an orderly transaction between market participants. The guidance also establishes a three level value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 asset and liability fair values are based on quoted prices in active markets for identical assets and liabilities.
- Level 2 asset and liability fair values are based on observable inputs that include: quoted market prices for similar assets and liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 assets and liabilities are financial instruments whose value is calculated by the use of pricing models and/or discounted cash flow methodologies, as well as financial instruments for which the determination of fair value requires significant management judgment or estimation.

The investments held by the organization are considered Level 1 assets.

**7. RESTRICTIONS ON NET ASSETS**

On December 29, 2017 the Organization received restricted funding from a private donor for the purpose of assisting the projects funded by the Friends of Wasambo Education Foundation, LLC. The funds have subsequently been transferred on January 2, 2018.

**DETERMINED TO DEVELOP  
STATEMENT OF FUNCTIONAL EXPENSE  
YEAR ENDED DECEMBER 31, 2017**

	<u>Program</u>	<u>Fundraising</u>	<u>Management &amp; General</u>	<u>Determined to Develop Total</u>	<u>Friends of Wasambo Education Foundation, LLC</u>	<u>Total</u>
Feeding Expense	\$ 49,784	\$ -	\$ -	\$ 49,784	\$ -	\$ 49,784
Construction Expense	16,716	-	-	16,716	-	16,716
Education and Upkeep Expense	85,960	-	-	85,960	-	85,960
Other Project Expenses	47,126	-	-	47,126	-	47,126
Salaries	8,195	-	-	8,195	6,872	15,067
Depreciation	7,499	-	-	7,499	-	7,499
Financial Processing Fees	15	-	9,546	9,561	-	9,561
Travel Expenses	4,117	9,452	-	13,569	-	13,569
Miscellaneous Expense	3,648	4,251	7,951	15,850	41	15,891
<b>Total</b>	<u>\$ 223,060</u>	<u>\$ 13,703</u>	<u>\$ 17,497</u>	<u>\$ 254,260</u>	<u>\$ 6,913</u>	<u>\$ 261,173</u>

**DETERMINED TO DEVELOP  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017**

**ASSETS**

	<u>Determined to Develop</u>	<u>Friends of Wasambo Education Foundation LLC</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 94,666	\$ 1,087	\$ -	\$ 95,753
<b>Total Current Assets</b>	94,666	1,087	-	95,753
<b>Property &amp; Equipment, Net</b>	<u>516,586</u>	<u>-</u>	<u>-</u>	<u>516,586</u>
<b>Total Assets</b>	<u>\$ 611,252</u>	<u>\$ 1,087</u>	<u>\$ -</u>	<u>\$ 612,339</u>

**LIABILITIES AND NET ASSETS**

<b>Net Assets</b>				
Temporarily Restricted Net Assets	\$ 25,000	\$ -	\$ -	\$ 25,000
Unrestricted Net Assets	<u>586,252</u>	<u>1,087</u>	<u>-</u>	<u>587,339</u>
<b>Total Net Assets</b>	<u>611,252</u>	<u>1,087</u>	<u>-</u>	<u>612,339</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 611,252</u>	<u>\$ 1,087</u>	<u>\$ -</u>	<u>\$ 612,339</u>

**DETERMINED TO DEVELOP  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017**

	<b>Determined to Develop</b>	<b>Friends of Wasambo Education Foundation LLC</b>	<b>Eliminations</b>	<b>Consolidated Totals</b>
<b>Revenues and Support</b>				
Support				
Direct Contributions	\$ 264,119	\$ -	\$ -	\$ 264,119
Gifts In-Kind	10,964	-	-	10,964
Total Support	<u>275,083</u>	-	-	<u>275,083</u>
Grants	252,420	8,000	(8,000)	252,420
Other Income	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
<b>Total Revenues and Support</b>	527,703	8,000	(8,000)	527,703
<b>Expenses</b>				
Program Expense	231,060	6,913	(8,000)	229,973
Fundraising Expense	13,703	-	-	13,703
Management and General Expense	<u>17,497</u>	<u>-</u>	<u>-</u>	<u>17,497</u>
<b>Total Operating Expenses</b>	<u>262,260</u>	<u>6,913</u>	<u>(8,000)</u>	<u>261,173</u>
<b>Change in Net Assets</b>				
Profit/(Loss) from Operations	265,443	1,087	-	266,530
Change in Exchange Rate Equity	<u>(4,123)</u>	<u>-</u>	<u>-</u>	<u>(4,123)</u>
<b>Total Change in Net Assets</b>	261,320	1,087	-	262,407
<b>Net Assets, Beginning of Year</b>	<u>349,932</u>	<u>-</u>	<u>-</u>	<u>349,932</u>
<b>Net Assets, End of Year</b>	<u>\$ 611,252</u>	<u>\$ 1,087</u>	<u>\$ -</u>	<u>\$ 612,339</u>