

YAMBA MALAWI, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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BURZENSKI & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL CONSULTANTS

JOHN R. BURZENSKI, CPA
RALPH L. RICCIARDELLI, CPA
GARY I. GLASSMAN, CPA
MELODY MANN FOX, CPA
WILLIAM S. KALINOWSKI, CPA

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), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows and functional expenses 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, 2020 and 2019, 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

September 27, 2021

YAMBA MALAWI, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	Assets	
	<u>2020</u>	<u>2019</u>
Current Assets		
Cash	\$ 768,141	\$ 496,866
Pledges receivable (Note 1)	319,850	515,199
Investments (Note 2)	135,171	-
Prepaid expenses	4,138	7,671
Total Current Assets	<u>1,227,300</u>	<u>1,019,736</u>
Other Assets		
Fixed assets net of accumulated depreciation (Note 3)	90,488	124,419
Security deposit	-	15,195
Total other assets	<u>90,488</u>	<u>139,614</u>
 Total Assets	 <u>\$ 1,317,788</u>	 <u>\$ 1,159,350</u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 11,397	\$ 32,800
Payroll tax deferral-CARES ACT	22,538	-
Total Current Liabilities	<u>33,935</u>	<u>32,800</u>
Long-term Liabilities		
SBA loan payable	<u>150,000</u>	<u>-</u>
Total liabilities	183,935	32,800
Net Assets		
With donor restrictions	236,522	400,000
Without donor restrictions	897,331	726,550
Total net assets	<u>1,133,853</u>	<u>1,126,550</u>
 Total Liabilities and Net Assets	 <u>\$ 1,317,788</u>	 <u>\$ 1,159,350</u>

YAMBA MALAWI, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Without donor restrictions	With donor restrictions	2020 Total	Without donor restrictions	With donor restrictions	2019 Total
SUPPORT AND REVENUE						
Cash contributions	874,610		874,610	456,837	400,000	856,837
In-kind contributions	105,480	-	105,480	51,142	-	51,142
Total Contributions	980,090	-	980,090	507,979	400,000	907,979
Fundraiser receipts	611,657	-	611,657	1,129,599	-	1,129,599
Less: fundraiser expenses	(10,289)	-	(10,289)	(190,886)	-	(190,886)
Net Fundraiser Receipts	601,368	-	601,368	938,713	-	938,713
Investment income (loss)	298	-	298	65	-	65
Other revenue	94,275	-	94,275	554	-	554
	1,676,031	-	1,676,031	1,447,311	400,000	1,847,311
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of program restrictions (Note 1)	163,478	(163,478)	-	-	-	-
Total Support and Revenue	1,839,509	(163,478)	1,676,031	1,447,311	400,000	1,847,311
EXPENSES						
Program operations	1,407,141	-	1,407,141	1,321,660	-	1,321,660
Management and administration	95,601	-	95,601	96,432	-	96,432
Fundraising	165,986	-	165,986	107,000	-	107,000
Total Expenses	1,668,728	-	1,668,728	1,525,092	-	1,525,092
CHANGES IN NET ASSETS	170,781	(163,478)	7,303	(77,781)	400,000	322,219
NET ASSETS - BEGINNING OF YEAR	726,550	400,000	1,126,550	804,331	-	804,331
NET ASSETS - END OF YEAR	897,331	236,522	1,133,853	726,550	400,000	1,126,550

YAMBA MALAWI, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Changes in net assets	\$ 7,303	\$ 322,219
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	35,393	35,237
Realized (gains)/losses		(411)
Unrealized (gains)/losses		517
Changes in assets and liabilities:		
Pledges receivable	195,349	(305,607)
Prepaid expenses	3,533	6,359
Security deposit	15,195	2,518
Accounts payable and accrued expenses	<u>(21,402)</u>	<u>(10,387)</u>
Net cash provided by operating activities	<u>235,371</u>	<u>50,445</u>
Cash flows from investing activities		
Purchase of investments	(135,171)	-
Purchase of property, plant and equipment	(1,463)	(37,223)
Sale of investments		<u>5,986</u>
Net cash used in investing activities	<u>(136,634)</u>	<u>(31,237)</u>
Cash flows from financing activities		
SBA loan payable	150,000	-
Payroll tax deferral-CARES Act	<u>22,538</u>	<u>-</u>
Net cash provided by financing activities	172,538	-
Net increase in cash	271,275	19,208
Cash, beginning of year	<u>496,866</u>	<u>477,658</u>
Cash, end of year	<u>\$ 768,141</u>	<u>\$ 496,866</u>

YAMBA MALAWI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program</u> <u>Operations</u>	<u>Management</u> <u>and</u> <u>Administration</u>	<u>Fundraising</u>	<u>Total</u> <u>Expenses</u>
Grants	\$ 1,645	\$ -	\$ 15	\$ 1,660
Payroll expenses	857,480	56,309	156,082	1,069,871
Contract services	82,391	9,895	-	92,286
Facilities and equipment	51,006	5,945	1,784	58,735
Operations	145,831	14,165	3,103	163,099
Other types of expenses	88,098	7,690	4,713	100,501
Travel and meetings	47,230	1,543	289	49,062
Depreciation	35,393	-	-	35,393
Program expenses	98,067	54	-	98,121
	<u>\$ 1,407,141</u>	<u>\$ 95,601</u>	<u>\$ 165,986</u>	<u>\$ 1,668,728</u>

YAMBA MALAWI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program</u> <u>Operations</u>	<u>Management</u> <u>and</u> <u>Administration</u>	<u>Fundraising</u>	<u>Total</u> <u>Expenses</u>
Grants	\$ 10,827	\$ -	\$ -	\$ 10,827
Payroll expenses	791,271	30,927	54,702	876,900
Contract services	84,351	34,957	-	119,308
Facilities and equipment	76,716	6,670	8,164	91,550
Operations	35,937	15,359	7,072	58,368
Other types of expenses	8,790	2,716	27,415	38,921
Travel and meetings	131,275	3,227	5,105	139,607
Depreciation	35,237	-	-	35,237
Program expenses	147,256	2,576	4,542	154,374
	<u>\$ 1,321,660</u>	<u>\$ 96,432</u>	<u>\$ 107,000</u>	<u>\$ 1,525,092</u>

YAMBA MALAWI, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Net Assets With Donor Restrictions

Net assets with donor restrictions include contributions that are restricted by the donor either as to purpose or time of expenditure.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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
DECEMBER 31, 2020

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.

Pledges Receivable

The pledges receivable of \$319,850 at December 31, 2020 are expected to be fully collected and represent future funds to be received. 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.

As of the date of this report, \$102,350 of pledges receivable as of December 31, 2020 have been collected, with the balance expected to be collected in accordance with the respective pledge agreements.

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
DECEMBER 31, 2020

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, 2020 and 2019, the value of donated services requiring separate disclosure was \$0 and \$11,700, respectively.

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
DECEMBER 31, 2020

2. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 3

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

The assets 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, 2020 consist of government money funds and are classified as level 1.

3. FIXED ASSETS

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

	<u>2020</u>	<u>2019</u>
Vehicles	\$ 226,060	\$ 226,060
Furniture and equipment	49,531	48,069
Leasehold improvements	<u>24,500</u>	<u>24,500</u>
	300,091	298,629
Less: accumulated depreciation	<u>(209,603)</u>	<u>(174,210)</u>
	<u>\$ 90,488</u>	<u>\$ 124,419</u>

Depreciation expense for the year ended December 31, 2020 and 2019 was \$35,393 and \$35,237, respectively.

4. CONCENTRATION OF CREDIT RISK

Cash in banks, based on bank balances, exceeded Federal Deposit Insurance Corporation insured limits as of December 31, 2020 by \$433,406. The balances also exceeded the insured limit at various times during the years.

YAMBA MALAWI, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. RENT EXPENSE AND LEASE COMMITMENT

Due to the effects of COVID-19, The Organization did not renew its lease for office space in Brooklyn, New York upon expiring on April 30, 2020. Currently, The Organization is completely virtual

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

Total rent expense incurred by the Organization for the years ended December 31, 2020 and 2019 was \$39,609 and \$90,305 respectively.

6. LONG TERM LIABILITIES

During the year ended December 31, 2020, the Organization received funding under the SBA Economic Injury Disaster Loan in the amount of \$150,000. Under the terms of the program, payments are deferred for two years with the principal and accrued interest payable over the remaining twenty-eight years at an interest rate of 2.75%. Maturities of the loan principal for the loan are as follows for the years ending December 31: 2021 - \$0; 2022 - \$0; 2023 - \$3,855; 2024 - \$3,963; 2025 - \$4,073; Thereafter - \$138,109.

7. 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, 2020, the Organization contributed \$33,968 and is included in personnel expense on the Statement of Functional Expenses.

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

All of the organization's net assets without donor restrictions are available to meet cash needs for general expenses within one year.

9. SUBSEQUENT EVENTS

Management has considered subsequent events through September 27, 2021, 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 September 27, 2021.