KICKSTART INTERNATIONAL, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2016 AND 2015

CONTENTS

PKF KENYA
Certified Public Accountants

REPORT OF INDEPENDENT AUDITOR
TO THE MEMBERS OF KICKSTART INTERNATIONAL, INC.

We have audited the accompanying consolidated financial statements of KickStart International, Inc. as of June 30, 2016 and 2015 which comprise the consolidated statements of activities, consolidated statements of financial position and the consolidated statements of cash flows for the years then ended and the summary of significant accounting policies and related notes to the consolidated financial statements.

Directors' responsibility for the consolidated financial statements

The directors are 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 controls 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 audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance as to whether the consolidated 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 entity'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 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 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 financial position of KickStart International, Inc, as of June 30, 2016 and 2015 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.

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PKF

INDEPENDENT AUDITOR REPORT (CONTINUED)
TO THE MEMBERS OF KICKSTART INTERNATIONAL, INC.

Report on information accompanying the consolidated financial statements

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated statement of functional expenses is presented for purposes of additional analysis and is 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 International Standards on Auditing. In our opinion the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Emphasis of matter

Restriction on Use and Basis of Accounting

Without modifying our opinion, we draw attention to page 6 which describes the basis of accounting. Our report is not intended for general circulation or publication nor is it to be reproduced or used for any purpose other than that outlined in our terms of reference. As a result, the financial statements may not be suitable for another purpose.

PKF Kenya.

Certified Public Accountants of Kenya

NAIROBI, KENYA

20 - February - 2017

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CONSOLIDATED STATEMENTS OF ACTIVITIES

	Notes	2016 Unrestricted funds	2016 Temporarily restricted funds	2016 Total	2015 Unrestricted funds	2015 Temporarily restricted funds	2015 Total
		$	$	$	$	$	$
Product sales	1	1,953,820	-	1,953,820	1,965,670	-	1,965,670
Contributions and grants	2	1,043,963	3,462,583	4,506,546	1,466,515	2,603,831	4,070,346
Other income	3	79,088	-	79,088	200,009	-	200,009
Net assets released from restrictions	4	4,814,503	(4,814,503)	-	4,395,645	(4,395,645)	-
Total income		7,891,374	(1,351,920)	6,539,454	8,027,839	(1,791,814)	6,236,025
Cost of sales		(1,567,306)	-	(1,567,306)	(1,486,990)	-	(1,486,990)
Program services	5	(5,305,106)	-	(5,305,106)	(5,261,509)	-	(5,261,509)
Support services	6	(586,659)	-	(586,659)	(697,993)	-	(697,993)
Net foreign exchange (loss)		(180,268)	-	(180,268)	(370,813)	-	(370,813)
Change in net assets before tax		252,035	(1,351,920)	(1,099,885)	210,534	(1,791,814)	(1,581,280)
Taxation	7	(304)	-	(304)	(144,298)	-	(144,298)
Change in net assets after tax		251,731	(1,351,920)	(1,100,189)	66,236	(1,791,814)	(1,725,578)
Net assets at the beginning of the year:		(632,654)	5,483,826	4,851,172	(698,890)	7,275,640	6,576,750
Change in net assets after tax		251,731	(1,351,920)	(1,100,189)	66,236	(1,791,814)	(1,725,578)
Net assets at the end of the year		(380,923)	4,131,906	3,750,983	(632,654)	5,483,826	4,851,172

The accounting policies on pages 6 to 9 and the notes on pages 10 to 15 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June	
		2016	**2015**
ASSETS	**Notes**	$	$
Current assets			
Cash	8	884,536	756,030
Trade and other receivables	9	1,201,842	841,956
Contribution receivables (Net)	10	2,148,033	2,904,160
Inventories	11	708,921	603,401
		4,943,332	5,105,547
Non-current assets			
Contribution receivables (Net)	10	999,019	1,624,425
Property, plant and equipment (Net)	12	197,535	278,284
Deferred tax	13	304	-
		1,196,858	1,902,709
Total assets		6,140,190	7,008,256
LIABILITIES AND NET ASSETS			
Current liabilities			
Trade and other payables	14	874,849	831,652
Borrowings	15	1,514,358	1,325,432
Total liabilities		2,389,207	2,157,084
Net assets			
Unrestricted		(380,923)	(632,654)
Temporary restricted		4,131,906	5,483,826
Total net assets		3,750,983	4,851,172
Total liabilities and net assets		6,140,190	7,008,256

The accounting policies on pages 6 to 9 and the notes on pages 10 to 15 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2016 $	2015 $
Cash flows from operating activities			
Change in net assets before tax		(1,099,885)	(1,581,280)
Adjustments to reconcile change in net assets to net cash from operating activities:			
Depreciation on property, plant and equipment	11	73,920	106,873
Gain on disposal of property, plant and equipment		-	(33,661)
Donated securities		33,598	-
Proceeds from sale of donated securities		(33,598)	-
Interest expense		46,195	19,728
Net foreign exchange loss		180,268	370,813
Changes in operating assets and liabilities:			
- inventories		(105,520)	(111,047)
- trade and other receivables		(359,886)	(276,904)
- Contribution receivables, net		1,381,533	1,396,645
- trade payables and accruals		43,197	8,308
Cash generated from/(used in) operations		159,822	(100,525)
Interest paid		(46,195)	(19,728)
Net cash flows from/(used in) operating activities		113,627	(120,253)
Cash flows from investing activities			
Cash paid for purchase of property, plant and equipment	11	(47,475)	(204,091)
Proceeds from disposal of property, plant and equipment		-	34,737
Net cash flows used in investing activities		(47,475)	(169,354)
Cash flows from financing activities			
Net change in borrowings		150,000	885,000
Increase in bank overdraft		38,926	15,523
Net cash flows from financing activities		188,926	900,523
Net increase in cash		255,078	610,916
Movement in cash			
At start of year		756,030	481,443
Net foreign exchange loss - excluding property, plant and equipment		(126,572)	(336,331)
Net increase in cash		255,078	610,916
At end of year	8	884,536	756,030

The accounting policies on pages 6 to 9 and the notes on pages 10 to 15 form an integral part of the consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES

1. **Corporation**

KickStart International, Inc. (KickStart or the "Corporation") is a not-for-profit corporation under the General Corporation Law of the State of Delaware and is domiciled in the state of California, United States of America.

The principal purpose of KickStart is to promote sustainable economic growth and employment creation in under-developed countries and/or areas and emerging economies. KickStart is engaged in (1) fundraising to support its work in Africa; (2) collaboration with universities and industries to improve methodologies and develop the next generation of technologies to support economic development in developing countries; and (3) raising public awareness about cost-effective models for economic development.

The consolidated financial statements include the following entities:

- KickStart International, Inc.
- KickStart International, Inc. in Kenya
- KickStart International, Inc. in Tanzania
- KickStart International, Inc. in Zambia
- KickStart International, Inc. in Mali
- KickStart International, Inc. in Ghana
- Appropriate Technologies for Enterprise Creation (ApproTEC) in Africa

KickStart International LLC and MoneyMaker LLC were formed during the year ended June 30, 2016 as vehicles to advance the objectives of KickStart International, Inc in any state, territory or dependency of the United States of America or any foreign country in which it is necessary or expendient for the company to transact business. The companies did not have any transactions as at the reporting date of these financial statements.

2. **Significant accounting policies**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) **Basis of accounting**

The accompanying consolidated financial statements have been prepared in accordance with the accounting policies of KickStart. These policies are consistent with accounting principles generally accepted in the United States of America and are presented pursuant to FASB ASC 958 Not for Profit Entities.

Revenues, expenses, gains and losses are recorded and classified as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor imposed restriction. When donor imposed restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities. KickStart does not have any permanently restricted net assets.

Issued but not adopted accounting pronouncements

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue.

In May 2015, thé FASB issued Accounting Standards Update (ASU) 2015-07, Fair Value Measurements. The ASU amends ASC Topic 820. In summary, entities that value certain investments using the practical expendient will no longer have to disclose such investments in the fair value hierachy under Topic 820.

In April 2015, the FASB issued ASU 2015-03, Interest-Imputation of Interest Subtopic 835-30-Simplifying the Presentation of Debt Issuance Costs (ASU 2015-03), which changes the presentation of debt issuance costs in the financial statements. Under ASU 2015-03, an entity presents such costs on the statement of assets and liabilities as a direct deduction from the related debt liability rather than as an asset. Amortisation of the costs is reported as interest expense.

2. **Significant accounting policies (continued)**

a) **Basis of accounting (continued)**

Issued but not adopted accounting pronouncements (continued)

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. The guidance in this ASU supersedes the revenue recognition requirement in Revenue Recognition (Topic 605). Under the new guidance, an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supercedes the leasing guidance in Topic 840, Leases. Under the new guidance, the lessees are required to recognise lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the income statement.

b) **Basis of consolidation**

Other KickStart entities are entities over which the Corporation has the power to govern the financial and operating policies. The entities are fully consolidated from the date on which control is transferred to the Corporation. These are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions among the companies are cancelled out. Accounting policies of the entities have been changed where necessary to ensure consistency with the policies adopted by the corporation.

c) **Unrestricted net assets**

Unrestricted net assets are not subject to donor imposed restrictions and include the carrying value of all physical properties (leasehold improvements and furniture and equipment). Items that affect this net category include revenue, unrestricted contribution and related expenses associated with the core activities of Kickstart International, Inc.

d) **Temporarily restricted net assets**

Temporarily restricted net assets represent contribution and other assets received from donors that are limited in use by Kickstart International in accordance with temporary donor-imposed stipulations. Items that affect this net asset category are restricted contributions including unconditional pledges. These stipulations may expire with time or may be satisfied and removed by Kickstart International according to the terms of the contribution. Upon satisfaction of such stipulations, net assets are released from temporarily restricted net assets and recognised as unrestricted.

e) **Permanently restricted net assets**

Permanently restricted net assets represent unconditional promises by a donor that specifies that the assets donated be maintained permanently and be invested to provide a permanent source of income. Permanently restricted gifts (endowments) are managed according to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the State of Carlifonia. If the donor does not restrict the allowed use of income, Kickstart International, Inc classifies income as temporarily restricted net assets until those amounts are appropriated for expenditure by Kickstart International in a manner consistent with the standard of prudence prescribed by UPMIFA.

f) **Cash equivalents**

Cash equivalents represent short term, highly liquid investments with maturities of three months or less at time of purchase.

g) **Investments**

Investments are recorded at fair value based principally upon quoted market values.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) **Pledges receivable**

Unconditional promises to give that are expected to be collected within one year, are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years, are recorded at the present value of their estimated future cash flows.

i) **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a first-in-first-out basis. Net realizable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

j) **Advances**

Advances which are held to maturity, are measured at amortized cost.

k) **Borrowings**

Loans, which are held to maturity, are measured at amortized cost.

l) **Property, plant and equipment (Net)**

Property, plant and equipment is stated at cost less accumulated depreciation.

Work in progress represents property in the course of construction. It carries at cost, less any recognized impairment cost.

m) **Revenue and support**

Contributions: Contributions are recognized as revenue when a written unconditional promise to give has been received or upon receipt. Donor restricted contribution whose restrictions are met in the same reporting period as contribution is recorded and reported as temporarily restricted contributions with corresponding release of restrictions. Conditional promises to give are not recognised as revenue until the donor conditions are substantially met.

Contribution of services: Pro bono legal services was provided to the organisation for general legal matters. The value of this contributed time was $ 123,799 and is recognised in the consolidated statements of activities as revenue and expense.

Product sales: Sales of goods are recognised upon delivery of products and customer acceptance.

Other revenue and support: Other revenue and support is recognized on the accrual basis.

n) **Expenses**

All expenses are recognized on the accrual basis.

o) **Translation adjustments**

Where an entity's functional currency is a foreign currency, translation adjustments result from the process of translating that entity's financial statements into the reporting currency.

p) **Depreciation**

Depreciation on property, plant and equipment is calculated on a straight line basis to write down the cost of each asset to its residual value over its estimated useful life using the following years:

	Years
Motor vehicles	4 years
Workshop machinery	4 years
Computers	3 years
Software	5 years
Furniture and fixtures	8 years
Equipment	8 years

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) **Foreign currencies**

Monetary assets and liabilities expressed in foreign currencies are translated into United States dollars at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies during the year are translated at the rates ruling on the dates of the transactions. The resulting gains or losses are included in the consolidated statement of activities.

r) **Retirement benefit obligations**

The corporation has a defined contribution plan for its employees in Kenya, under which the corporation pays fixed contribution into a separate pension scheme regulated by a government agency. The corporation has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

The employees in Kenya and Tanzania also contribute to the National Social Security Fund (NSSF) while the employees of Zambia, Ghana and Mali contributed to National Pension Scheme Authority (NAPSA), National Pensions Regulatory Authority (NPRA) and Istituto Nazionale della Previdenza Sociale (INPS) respectively. These are statutory defined contribution schemes registered under the local statutes of each country.

The corporation's contributions to the defined contribution scheme are charged to the consolidated statement of activities in the year to which they relate. The consolidated total amount paid to the defined contribution schemes of the respective countries during the year was $ 100,502 (2015: $ 117,825)

s) **Use of estimates in the preparation of the financial statements**

KickStart management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the consolidated financial statements.

t) **Current and deferred income tax**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of activities.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the amount that is more likely than not to be recovered based on current or future taxable income.

1. **Product sales**

	2016 Unrestricted funds	2016 Temporarily restricted funds	2015 Unrestricted funds	2015 Temporarily restricted funds
	$	$	$	$
Kenya Programs	278,626	-	367,403	-
Tanzania Programs	158,885	-	201,980	-
West Africa Programs	301,300	-	181,607	-
Zambia & Surronding Countries	964,846	-	956,752	-
Other Africa Programs	250,163	-	257,928	-
	1,953,820	-	1,965,670	-

2. **Contributions and grants**

	2016 Unrestricted funds	2016 Temporarily restricted funds	2015 Unrestricted funds	2015 Temporarily restricted funds
Foundations and trusts	154,700	1,642,583	562,142	2,512,585
Individuals	600,185	1,300,000	576,448	-
Corporations	165,279	20,000	268,733	20,000
Governments	-	500,000	-	71,246
Contributed legal services	123,799	-	59,192	-
	1,043,963	3,462,583	1,466,515	2,603,831

Contributions that are expected to be collected after one year were discounted to their present values as explained in note 9.

3. **Other income**

	2016 Unrestricted funds	2016 Temporarily restricted funds	2015 Unrestricted funds	2015 Temporarily restricted funds
	$	$	$	$
Sundry income	79,088	-	200,009	-

4. **Net Assets Released from restrictions**

	2016 Unrestricted funds	2016 Temporarily restricted funds	2015 Unrestricted funds	2015 Temporarily restricted funds
Net Assets Released from restrictions	4,814,503	(4,814,503)	4,395,645	(4,395,645)

5. **Program services**

	2016 Unrestricted funds	2016 Temporarily restricted funds	2015 Unrestricted funds	2015 Temporarily restricted funds
	$	$	$	$
Kenya programs	819,885	-	1,276,317	-
Tanzania programs	509,081	-	690,287	-
Mali & Ghana programs	416,787	-	284,340	-
Zambia & Surronding Countries	2,250,070	-	2,034,926	-
Export Program	228,467	-	133,379	-
Other Africa programs	1,080,816	-	842,260	-
	5,305,106	-	5,261,509	-

6. **Support services**

	2016 Unrestricted funds	2016 Temporarily restricted funds	2015 Unrestricted funds	2015 Temporarily restricted funds
Management & general	381,229	-	392,052	-
Fund-raising	205,430	-	305,941	-
	586,659	-	697,993	-

7. Tax

	2016 $	2015 $
Current tax	-	-
Deferred tax charge (note 13)	304	144,298
Tax charge	304	144,298

The corporation is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code, except on any net income derived from unrelated business activities. At June 30, 2016 and 2015, the corporation has no recorded tax liability for unrelated business income, as it does not believe it is involved in any such activities. The corporation believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. If the corporation had unrelated business activities, any income derived from these activities would be subject to the requirement of reporting on the corporation's federal Return of Corporation Exempt from Income Tax ("Form 990") for 2015, 2014 and 2013 and further filing of Exempt Organization Business Income Tax Returns ("Form 990-T"), which are both subject to examination by the United States Internal Revenue Service, generally for three years after they are filed.

The corporation's affiliates, in particular in Kenya, Tanzania and Zambia are subject to local income tax on activities other than contributions and grants which are deemed to be exempt (however, such formal exemption has not been received from the local tax authorities). The Kenya affiliate has accumulated tax losses in respect of product sales income and expenditure on which deferred tax arises while in the Zambian affiliate the same has not been quantified as it subject to the outcome of the exemption by the Ministry of Finance of Zambia. Valuation allowances are recognised against such assets to the extent that future utilisation of such losses is not considered to be probable.

Under the Kenyan Income Tax Act, with effect from 1st January 2010, tax losses are allowable as a deduction only in the nine years succeeding the year in which they occurred. The tax losses arising in Kenya of $ 7,646,332 carried forward will expire as follows:

Arising in	**Tax losses** $	**Expiring**
2011	(1,561,871)	30 June 2019
2012	(1,349,408)	30 June 2020
2013	(1,066,146)	30 June 2021
2014	(777,950)	30 June 2022
2015	(927,932)	30 June 2023
2016	(1,989,361)	30 June 2024
Tax losses carried forward (Kenya only)	(7,672,668)	

8. Cash

	2016 $	2015 $
Cash	884,536	756,030

9. Trade and other receivables

Current		
Trade receivables	831,819	563,171
Staff loans and advances	181,946	96,853
Other receivables	188,077	181,932
	1,201,842	841,956

9. Trade and other receivables (continued)

The fair values of trade and other receivables are as follows:	2016 $	2015 $
Trade receivables	831,819	563,171
Staff loans and advances	181,946	96,853
Other receivables	188,077	181,932
	1,201,842	841,956

10. Contribution receivables (Net)

Current		
Pledges receivable	2,148,033	2,904,160
Non-current		
Pledges receivable	1,090,250	1,788,238
Less discount to present value	(91,231)	(163,813)
	999,019	1,624,425
Total	3,147,052	4,528,585

Movement in pledges receivable

Non - current		
At start of year	1,624,425	2,940,395
Portion of new pledges received during the year	835,360	800,000
Reclassification of non-current receivables to current	(1,533,348)	(2,343,542)
Change in present value discount	72,582	227,572
At end of year	999,019	1,624,425

Pledges receivable that are expected to be collected after one year were discounted to their present values using a discount rate of 3.25% (2015: 3.25%) for the new pledges while for the old pledges that existed prior to the 2014 fiscal year, were discounted at 8.37% (2015: 8.29%). There were no pledge amounts to be received in more than 5 Years. The pledges receivable are classified as level 3 financial assets based on the valuation being carried out on unobservable inputs. There have been no transfers out of the level 3 category.

There is no significant concentration of credit risk as the pledges are widely held.

11. Inventory

	2016 $	2015 $
Finished goods	708,921	603,401

12. **Property, plant and equipment (Net)**

Year ended 30 June 2016

Cost	**Land & building**	**Machinery equipment & furniture**	**Computers & software**	**Motor vehicles**	**Work in progress**	**Totals**
	$	$	$	$	$	$
At start of year	17,183	301,191	722,034	747,570	41,271	1,829,249
Disposals	-	-	(2,964)	-	-	(2,964)
Translation adjustments	(517)	(6,675)	(7,738)	(68,072)	(1,266)	(84,268)
Additions	-	23,698	23,777	-	-	47,475
At end of year	16,666	318,214	735,109	679,498	40,005	1,789,492
Depreciation						
At start of year	-	294,082	669,131	587,753	-	1,550,966
Disposals	-	-	(2,964)	-	-	(2,964)
Translation adjustments	-	811	(4,332)	(26,444)	-	(29,965)
Charge for the year	-	11,739	18,000	44,181	-	73,920
At end of year	-	306,632	679,835	605,490	-	1,591,957
Net book value	16,666	11,582	55,274	74,008	40,005	197,535

Year ended 30 June 2015

Cost	**Land & building**	**Machinery equipment & furniture**	**Computers & software**	**Motor vehicles**	**Work in progress**	**Totals**
	$	$	$	$	$	$
At start of year	19,255	285,919	709,130	672,177	46,246	1,732,727
Disposals	-	-	(13,327)	(59,760)	-	(73,087)
Translation adjustments	(2,072)	(6,375)	(2,648)	(18,412)	(4,975)	(34,482)
Additions	-	21,647	28,879	153,565	-	204,091
At end of year	17,183	301,191	722,034	747,570	41,271	1,829,249
Depreciation						
At start of year	-	278,361	657,720	580,020	-	1,516,101
Disposals	-	-	(13,052)	(58,957)	-	(72,009)
Charge for the year	-	15,721	24,463	66,690	-	106,873
At end of year	-	294,082	669,131	587,753	-	1,550,965
Net book value	17,183	7,109	52,903	159,817	41,271	278,284

All the additions made during the year were made through cash payments.

13. **Deferred tax**

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2015: 30%) as applicable in Kenya and rate of 25% (2015: 25%) as applicable in Ghana. The movement on the deferred tax account is as follows:

	2016	2015
	$	$
At start of year	-	144,298
Charge to statement of activities (note 7)	(304)	(144,298)
At end of year	(304)	-

Deferred tax (assets), deferred tax charge/(credit) in profit or loss are attributable to the following items:

Deferred tax assets	**At start of year**	**Charge to statement of activities**	**At end of year**
	$	$	$
Tax losses carried forward	(1,704,841)	(596,959)	(2,301,800)
Provision for doubtful debts	(137,133)	25,479	(111,654)
Property, plant and equipment - accelerated tax depreciation	(151)	(6,355)	(6,506)
Net deferred tax asset before allowance	(1,842,125)	(577,835)	(2,419,960)
Valuation allowance	1,842,125	577,531	2,419,656
Net deferred tax (asset)	-	(304)	(304)

A valuation allowance has been recognized so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current and estimated future taxable profits. Specifically, a valuation allowance has been recognised in respect of deferred tax assets amounting to $ 2,301,800 (2015: $ 1,704,841) in respect of tax losses carried forward amounting to $ 7,672,668 (2015: $ 5,683,308) that can be carried forward.

14. **Trade and other payables**

	2016	2015
	$	$
Current		
Trade payables	657,670	661,802
Accruals & other payables	134,720	87,056
Payable to directors (note 16)	82,459	82,794
	874,849	831,652

15. **Borrowings**

	2016	2015
Current		
Other borrowings	1,450,000	1,300,000
Bank overdraft	64,358	25,432
Total borrowings	1,514,358	1,325,432

Effective June 10, 2015, Kickstart International, Inc entered into a revolving line of credit debt facility of $ 2 million with Citi Bank N.A. The loan is payable in full immediately upon lender's demand. Interest is payable at a variable rate and due monthly. The applicable variable rate is equal to the LIBOR plus 2.5 percentage points over the index. The loan is secured by a guarantee from teh Skoll Foundation.

16. **Related party transactions and balances**

	2016	2015
	$	$
The following transactions were carried out with other related parties:		
i) Contributions from organizations associated with members of the board of directors	324,464	273,192
ii) Payables to directors (note 14)	82,459	82,794

The payables to directors are interest free, have no specific dates of repayment and are unsecured.

17. **Contingent liability**

	2016	2015
	$	$
Total amount of contingent liability	4,965	5,123

Guarantee facility offered by Standard Chartered Bank Limited for expatriate staff work permits, secured by lien over a sundry deposit of same amount included in cash and cash equivalents.

18. **Commitments**

	2016	2015
	$	$
The future minimum lease payments under non-cancellable operating leases as of 30 June 2016 were as follows:		
Years ending 30 June:		
2016	-	47,406
2017	27,444	27,444
	27,444	74,850

The above lease schedule includes the future minimum rents for KickStart International, Inc in Kenya only through the 5th anniversary of the lease. The lease terms are between 1 to 5 years and these are generally renewable at the end of the tenure of the lease.

19. **Events after the statement of financial position's date**

Management has evaluated subsequent events through February 10, 2017, the date the financial statements were available to be issued.

STATEMENT OF CONSOLIDATED FUNCTIONAL EXPENSES

	PROGRAM SERVICES								SUPPORT SERVICES				TOTAL	
					OTHER AFRICA PROGRAMS		2016	2015			2016	2015	2016	2015
	Kenya Program	Tanzania Program	West Africa Programs Programs	Zambia & Surrounding Countries	Export Programs	Other Africa Programs	Total Program Services	Total Program Services	Mgmt & General	Fund-Raising	Total Support Services	Total Support Services	Total Expenses	Total Expenses
	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Salaries & wages	333,107	151,565	153,153	975,097	100,868	450,493	2,164,283	2,081,804	136,254	124,635	260,889	377,068	2,425,172	2,458,872
Benefits & Other Employee Expenses	120,360	21,674	15,071	170,329	15,318	54,136	396,888	446,901	29,606	33,425	63,031	76,254	459,919	523,155
Audit, legal & professional fees	77,434	142,546	17,690	113,987	50,144	253,152	654,953	323,631	58,193	6,759	64,952	89,866	719,905	413,497
Contributed legal services	-	-	-	36,568	-	46,850	83,418	39,073	40,381	-	40,381	20,119	123,799	59,192
Supplies, Printing & Publications	26,399	7,583	7,165	28,046	849	13,633	83,675	89,234	12,106	7,989	20,095	16,551	103,770	105,785
Mail & Communications	21,383	13,173	8,997	37,202	2,167	19,702	102,624	125,155	7,348	3,239	10,587	10,150	113,211	135,305
Rent & utilities	48,557	40,742	27,297	57,365	1,584	36,534	212,079	259,633	13,365	14,760	28,125	31,183	240,204	290,816
Motor vehicle expenses	44,271	52,646	17,905	86,597	184	6,390	207,993	260,271	-	-	-	-	207,993	260,271
Equipment & machinery	2,231	4,639	2,961	2,418	197	9,841	22,287	20,890	186	92	-	1,445	22,565	22,335
Information Technology	9,366	3,648	6,723	15,219	3,210	5,475	43,641	66,940	6	66	72	10	43,713	66,950
Depreciation	3,003	3,179	8,140	67,510	545	28,173	110,550	90,616	908	672	1,580	1,596	112,130	92,212
Advertising & Sales Promotion	29,623	21,135	38,902	139,904	3,685	5,097	238,346	233,412	5,236	25	-	2,434	243,607	235,846
Travel & Meetings	71,548	45,125	111,753	242,666	49,057	140,343	660,492	613,293	15,937	13,678	29,615	28,847	690,107	642,140
Provision for bad debt	27,753	401	-	207,951	-	-	236,105	379,918	-	-	-	-	236,105	379,918
Other business expenses	4,850	1,025	1,030	69,211	659	10,997	87,772	230,737	61,703	90	61,793	42,470	149,565	273,207
Total program & support	**819,885**	**509,081**	**416,787**	**2,250,070**	**228,467**	**1,080,816**	**5,305,106**	**5,261,509**	**381,229**	**205,430**	**586,659**	**697,993**	**5,891,765**	**5,959,502**
Cost of sales	192,301	163,175	259,530	795,011	157,289	-	1,567,306	1,486,990	-	-	-	-	1,567,306	1,486,990
Gross expenditure	**1,012,186**	**672,256**	**676,317**	**3,045,081**	**385,756**	**1,080,816**	**6,872,412**	**6,748,499**	**381,229**	**205,430**	**586,659**	**697,993**	**7,459,071**	**7,446,492**