KICKSTART INTERNATIONAL, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2014 AND 2013

CONTENTS

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, 2014 and 2013 which comprise the consolidated statement of activities, consolidated statement of financial position and the consolidated statement 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 judgement, 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, 2014 and 2013 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.

Tel +254 20 4270000 • Mobile +254 732 144000 • Email pkfnbi@ke.pkfea.com • www.pkfea.com
PKF KENYA • Kalamu House • Grevillea Grove • Westlands • P O Box 14077 - 00800 • Nairobi • Kenya

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 responsibilty 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 statement or to the consolidated financial statement 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.

PKF Kenya

Certified Public Accountants of Kenya

NAIROBI, KENYA

11 - December - 2014

1346/14

CONSOLIDATED STATEMENT OF ACTIVITIES

	Note		2014 Unrestricted funds	2014 Temporarily restricted funds	2014 Total	2013 Unrestricted funds	2013 Temporarily restricted funds	2013 Total
Product sales	1	$	2,379,012	-	2,379,012	2,199,457	-	2,199,457
Contributions and grants	2		1,503,275	2,583,475	4,086,750	1,521,811	2,262,873	3,784,684
Other income	3		215,767	-	215,767	51,310	-	51,310
Net assets released from restrictions	4		3,198,216	(3,198,216)	-	4,070,303	(4,175,303)	(105,000)
Total income			7,296,270	(614,741)	6,681,529	7,842,881	(1,912,430)	5,930,451
Cost of sales			(1,852,953)	-	(1,852,953)	(1,713,643)	-	(1,713,643)
Program services	5		(4,611,816)	-	(4,611,816)	(5,504,332)	-	(5,504,332)
Support services	6		(750,283)	-	(750,283)	(646,176)	-	(646,176)
Net foreign exchange (loss)			(14,462)	-	(14,462)	(27,119)	-	(27,119)
Change in net assets before tax			66,756	(614,741)	(547,985)	(48,389)	(1,912,430)	(1,960,819)
Taxation	7		154,976	-	154,976	-	-	-
Change in net assets after tax			221,732	(614,741)	(393,009)	(48,389)	(1,912,430)	(1,960,819)
Net assets at the beginning of the year:			(920,622)	7,890,381	6,969,759	(872,233)	9,802,811	8,930,578
Sub-total			(920,622)	7,890,381	6,969,759	(872,233)	9,802,811	8,930,578
Net assets at the end of the year		$	(698,890)	7,275,640	6,576,750	(920,622)	7,890,381	6,969,759

The notes on pages 6 to 15 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note		As at 30 June 2014		2013
ASSETS					
Current assets					
Cash	8	$	481,443	$	651,157
Trade and other receivables	9		3,549,887		3,786,699
Inventories	10		492,354		594,569
			4,523,684		5,032,425
Non-current assets					
Trade and other receivables	9		2,940,395		3,878,374
Property, plant and equipment (Net)	11		216,626		171,104
Deferred tax	12		144,298		-
			3,301,319		4,049,478
Total assets		$	7,825,003	$	9,081,903
LIABILITIES AND NET ASSETS					
Current liabilities					
Trade and other payables	13	$	823,344	$	840,311
Borrowings	14		424,909		1,270,628
			1,248,253		2,110,939
Non current liabilities					
Borrowings	14		-		1,205
Total liabilities			1,248,253		2,112,144
Net assets					
Unrestricted			(698,890)		(920,622)
Temporary restricted			7,275,640		7,890,381
Total net assets			6,576,750		6,969,759
Total liabilities and net assets		$	7,825,003	$	9,081,903

The notes on pages 6 to 15 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note		2014	2013
Cash flows from operating activities				
Change in net assets before tax		$	(547,985) $	(1,960,819)
Adjustments to reconcile change in net assets to net cash from operating activities:				
Depreciation on property, plant and equipment	11		103,030	127,151
Gain on disposal of property, plant and equipment			(39,017)	(15,551)
Net foreign exchange loss			14,462	27,119
Changes in operating assets and liabilities:				
- inventories			102,215	(13,193)
- trade and other receivables			1,174,791	2,106,460
- trade payables and accruals			(16,967)	8,810
Net cash flows from operating activities			790,529	279,977
Cash flows from investing activities				
Cash paid for purchase of property, plant and equipment	11		(157,273)	(32,739)
Proceeds from disposal of property, plant and equipment			39,451	15,549
Net cash flows used in investing activities			(117,822)	(17,190)
Cash flows from financing activities				
Proceeds from borrowings			(805,000)	570,000
Repayments of borrowings			-	(370,000)
Decrease in bank overdraft			(22,052)	(9,836)
Proceeds from insurance premium loans			-	(62,284)
Repayments of finance leases			(19,872)	(21,944)
Net cash flows (used in)/from financing activities			(846,924)	105,936
Net (decrease)/increase in cash			(174,217)	368,723
Movement in cash				
At start of year			651,157	303,507
Net foreign exchange loss - excluding property, plant and equipment			4,503	(21,074)
Net (decrease)/increase in cash			(174,217)	368,723
At end of year	8	$	481,443 $	651,157

The notes on pages 6 to 15 form an integral part of the consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES

1. **Organization**

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 Burkina Faso (Branch of KickStart International, Inc. in Mali)
- Appropriate Technologies for Enterprise Creation (ApproTEC) in Africa

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.

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) **Cash equivalents**

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

d) **Investments**

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) **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.

f) **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.

g) **Advances**

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

h) **Borrowings**

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

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

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

j) **Work in progress**

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

k) **Revenue and support**

Contributions

Contributions are recognized when a written unconditional promise to give has been received or upon receipt.

Other revenue and support

Other revenue and support is recognized on the accrual basis.

l) **Expenses**

All expenses are recognized on the accrual basis.

m) **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.

n) **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

o) **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.

p) **Retirement benefit obligations**

The Corporation has a defined contribution plan for its employees in Kenya, under which the organization pays fixed contribution into a separate pension scheme regulated by a government agency. The organization 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 and Mali contributed to National Pension Scheme Authority (NAPSA) and Istituto Nazionale della Previdenza Sociale (INPS) respectively.
These are statutory defined contribution schemes registered under the local statutes of each country.

The organization's contributions to the defined contribution scheme are charged to the **consolidated** statement **of activities** in the year to which they relate.

q) **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.

r) **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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Product sales**		**2014 Unrestricted funds**		**2014 Temporarily restricted funds**		**2013 Unrestricted funds**		**2013 Temporarily restricted funds**
Kenya Programs	$	532,678	$	-	$	590,516	$	-
Tanzania Programs		261,534		-		458,555		-
Mali & Burkina Faso Programs		240,462		-		172,077		-
Zambia & Surronding Countries		955,467		-		736,301		-
Other Africa Programs		388,872		-		242,008		-
	$	2,379,012	$	-	$	2,199,457	$	-

2. **Contributions and grants**								
Foundations and trusts	$	455,200	$	2,443,343	$	579,942	$	1,095,727
Individuals		634,490		10,532		714,380		60,316
Corporations		272,150		80,000		22,601		553,830
Governments		-		49,600		-		553,000
Contributed legal services		141,435		-		204,889		-
	$	1,503,275	$	2,583,475	$	1,521,811	$	2,262,873

Contributions that are expected to be collected after one year were discounted to their present values using discount rates of 3.25% and 8.29%.

3. **Other income**		**2014 Unrestricted funds**		**2014 Temporarily restricted funds**		**2013 Unrestricted funds**		**2013 Temporarily restricted funds**
Investment income	$	-	$	-	$	1,196	$	-
Sundry income		215,767		-		50,114		-
	$	215,767	$	-	$	51,310	$	-

4. **Net Assets Released from restrictions**	3,198,216	(3,198,216)	4,070,303	(4,175,303)

5. **Program services**		**2014 Unrestricted funds**		**2014 Temporarily restricted funds**		**2013 Unrestricted funds**		**2013 Temporarily restricted funds**
Kenya programs	$	1,075,639	$	-	$	1,293,660	$	-
Tanzania programs		870,069		-		963,091		-
Mali & Burkina Faso programs		278,214		-		217,452		-
Zambia & Surronding Countries		1,513,520				1,259,806		-
Export Program		137,294		-		168,865		-
Other Africa programs		737,080		-		1,601,458		-
	$	4,611,816	$	-	$	5,504,332	$	-

6. **Support services**								
Management & general	$	470,288	$	-	$	405,556	$	-
Fund-raising		279,995		-		240,620		-
	$	750,283	$	-	$	646,176	$	-

7. Tax

		2014		2013
Current tax	$	-	$	-
Deferred tax (credit) (Note 12)		154,976		-
Tax charge/(credit)	$	154,976	$	-

The Organization 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, 2014 ans 2013, the organization has no recorded tax liability for unrelated business income, as it does not believe it is involved in any such activities. The Organization 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 organization had unrelated business activities, any income derived from these activities would be subject to the requirement of reporting on the organization's federal Return of Organization Exempt from Income Tax ("Form 990") for 2014, 2013 and 2012 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 organisation'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). In Kenya and Zambia, the affiliates have acumulated tax losses in respect of product sales income and expenditure on which deferred tax arises. 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 four years succeeding the year in which they occurred. The tax losses of $ 4,702,174 carried forward will expire as follows:

Arising in		**Tax losses**	**Expiring**
2011 and earlier	$	(1,561,871)	30 June 2015
2012		(1,349,408)	30 June 2016
2013		(1,066,146)	30 June 2016
2014		(724,749)	30 June 2017
Tax losses carried forward	$	(4,702,174)	

8. Cash

		2014		2013
Cash	$	481,443	$	651,157

9. Trade and other receivables

Current				
Trade receivables	$	486,182	$	585,917
Pledges receivable		2,757,262		2,919,864
Staff loans and advances		114,729		61,769
Other receivables		191,714		219,149
		3,549,887		3,786,699
Non-current				
Pledges receivable		3,331,781		4,623,293
Less discount to present value		(391,386)		(744,919)
		2,940,395		3,878,374
Total Trade and other receivables	$	6,490,282	$	7,665,073

9. **Trade and other receivables (continued)**

The fair values of trade and other receivables are as follows:

Trade receivables	$ 486,182	$ 585,917
Pledges receivable	5,697,657	6,798,238
Staff loans and advances	114,729	61,769
Other receivables	191,714	219,149
	$ 6,490,282	$ 7,665,073

The maturity analysis based on estimated subsequent settlement of the trade and other receivables is as follows:

Year ended 30 June 2014	**0 to 1 Year**	**2 to 4 Years**	**Total**
Trade receivables	$ 486,182	$ -	$ 486,182
Pledges receivable	2,757,262	2,940,395	5,697,657
Staff loans and advances	114,729	-	114,729
Other receivables	191,714	-	191,714
	$ 3,549,887	$ 2,940,395	$ 6,490,282

Year ended 30 June 2013	**0 to 1 Year**	**2 to 4 Years**	**Total**
Trade receivables	$ 585,917	$ -	$ 585,917
Pledges receivable	2,919,864	3,878,374	6,798,238
Staff loans and advances	61,769	-	61,769
Other receivables	219,149	-	219,149
	$ 3,786,699	$ 3,878,374	$ 7,665,073

Changes in Level 3 instruments measured at fair value on a recurring basis

The following table presents the changes in Level 3 instruments measured at fair value on recurring basis for the year ended 30 June 2014

	Pledges
Beginning balance at June 30,2013	$ 6,798,238
New Pledges	1,982,250
Pledges collected	(3,400,741)
Pledges written off	(35,623)
Change in present value discount	353,533
Ending balance at June 30, 2014	$ 5,697,657

	2014	**2013**
Movement in pledges receivable		
Non-current		
At start of year	$ 3,878,374	$ 5,124,394
Portion of new pledges received during the year	600,000	221,200
Reclassification of non-current receivables to current	(1,891,512)	(1,957,947)
Change in present value discount	353,533	490,727
At end of year	$ 2,940,395	$ 3,878,374

9. **Trade and other receivables (continued)**

Pledges receivable that are expected to be collected after one year were discounted to their present values using a discount rate of 3.25% for the new pledges while for the old pledges that existed prior to current fiscal year, were discounted at 8.29% (2013: 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.

10. **Inventory**

	2014	2013
Finished goods	$ 492,354	$ 594,569

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

Year ended 30 June 2014

	Land & building	Machinery equipment & furniture	Computers & software	Motor vehicles	Work in progress	Totals
Cost						
At start of year	$ 19,615	$ 267,804	$ 687,419	$ 653,206	$ 47,112	$ 1,675,156
Disposals during the year	-	-	-	(91,415)	-	(91,415)
Translation adjustments	(360)	(730)	(796)	(5,535)	(865)	(8,287)
Additions during the year	-	18,845	22,507	115,921	-	157,273
At end of year	$ 19,255	$ 285,919	$ 709,130	$ 672,177	$ 46,246	$ 1,732,727
Depreciation						
At start of year	$ -	$ 258,374	$ 628,986	$ 616,692	$ -	$ 1,504,052
Disposals during the year	-	-	-	(90,981)	-	(90,981)
Charge for the year	-	19,987	28,734	54,309	-	103,030
At end of year	$ -	$ 278,361	$ 657,720	$ 580,020	$ -	$ 1,516,101
Net book value	$ 19,255	$ 7,558	$ 51,409	$ 92,157	$ 46,246	$ 216,626

11. **Property, plant and equipment (Net)(continued)**

Year ended 30 June 2013

	Land & building	Machinery equipment & furniture	Computers & software	Motor vehicles	Work in progress	Totals
Cost						
At start of year	$ 20,157	$ 269,065	$ 672,045	$ 672,023	$ 48,414	$ 1,681,704
Disposals during the year	-	-	(6,070)	(27,172)	-	(33,242)
Translation adjustments	(542)	(2,640)	(1,759)	198	(1,302)	(6,046)
Additions during the year	-	1,379	23,203	8,157	-	32,739
At end of year	$ 19,615	$ 267,804	$ 687,419	$ 653,206	$ 47,112	$ 1,675,155
Depreciation						
At start of year	$ -	$ 237,757	$ 561,004	$ 611,382	$ -	$ 1,410,143
Disposals during the year	-	-	(6,070)	(27,172)	-	(33,243)
Charge for the year	-	20,617	74,052	32,482	-	127,151
At end of year	$ -	$ 258,374	$ 628,986	$ 616,692	$ -	$ 1,504,052
Net book value	$ 19,615	$ 9,431	$ 58,433	$ 36,514	$ 47,112	$ 171,104

	2014	2013
Reconciliation of additions for the year		
Equipment acquired under capital lease	$ -	$ -
Equipment acquired by cash payments	157,273	32,739
Total additions for the year	$ 157,273	$ 32,739

12. **Deferred tax**

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal
The movement on the deferred tax account is as follows:

	2014	2013
At start of year	$ -	$ -
Credit to statement of activities	154,976	-
Translation adjustments	(10,678)	-
At end of year	$ 144,298	$ -

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

	At start of year	Credit to statement of activities	Translation adjustments	At end of year
Deferred tax assets				
Tax losses carried forward	$ 1,193,228	$ 386,147	$ (26,487)	$ 1,552,887
Property, plant and equipment - accelerated tax depreciation	-	2,214	(151)	2,063
Net deferred tax asset before allowance	1,193,228	388,361	(26,639)	1,554,950
Valuation allowance	(1,193,228)	(233,385)	15,961	(1,410,652)
Net deferred tax (asset)	$ -	$ 154,976	$ (10,678)	$ 144,298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. **Deferred tax (continued)**

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 $ 1,410,652 (2013: $ 1,193,228) in respect of tax losses carried forward amounting to $ 4,702,174 (2013: $ 3,977,426) that can be carried forward.

13. **Trade and other payables**

Current				
Trade payables	$	536,422	$	608,858
Due to directors (note 15)		115,856		136,689
Accruals & other payables		171,066		94,764
Total trade and other payables	$	823,344	$	840,311

14. **Borrowings**

Current				
Finance leases	$	-	$	18,667
Other borrowings		415,000		1,220,000
Bank overdraft		9,909		31,961
		424,909		1,270,628
Non-current				
Finance leases		-		1,205
Total borrowings	$	424,909	$	1,271,833

The other borrowings are secured by a guarantee from the Skoll Foundation and are subject to interest rate equal to libor rate plus a margin of 2.50%.
The organization's finance leases are secured against the motor vehicles.

The organization is exposed to interest rate changes on other borrowings which bears interest at a rate per annum equal to libor rate plus a margin of 2.50%

Weighted average effective interest rates at the year end were:	**2014**	**2013**
Finance leases	-	24%

The future minimum lease payments under finance lease liabilities as of 30 June 2014:

		2014		**2013**
Year ending 30 June	$	-	$	23,072
Less amount representing interest		-		(3,201)
Present value of future minimum lease payments	$	-	$	19,872

15. **Related party transactions and balances**	**2014**	**2013**
The following transactions were carried out with other related parties:		
i) *Contributions from organizations associated with members of the board of directors.*	$ 135,500	$ 205,500
ii) *Other payables to directors (note 13)*	$ 115,856	$ 136,689

16. **Contingent liability**

Total amount of contingent liability	$ 5,741	$ 5,848

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.

17. **Commitments**

There future minimum lease payments under non-cancellable operating leases as of 30 June 2014 were as follows:

Year ending 30 June 3014	$ 123,181	$ 164,354

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

Management has evaluated subsequent events through December 04, 2014, the date the financial statements were available to be issued.

APPENDIX 1

STATEMENT OF CONSOLIDATED FUNCTIONAL EXPENSES

	PROGRAM SERVICES								SUPPORT SERVICES				TOTAL	
					OTHER AFRICA PROGRAMS		2014	2013			2014	2013	2014	2013
	Kenya Programs	Tanzania Programs	Mali & Burkina Faso 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	$ 420,672	$ 289,729	$ 103,070	$ 763,866	$114,639	$ 400,635	$ 2,092,611	$ 2,819,297	$ 226,025	$ 194,864	$ 420,889	$ 277,185	$ 2,513,500	$ 3,096,482
Benefits & Other Employee Expenses	162,084	75,514	42,006	129,678	8,353	13,052	430,687	467,901	30,695	35,114	65,809	64,724	496,496	532,625
Audit, legal & professional fees	54,693	26,344	13,524	27,996	854	13,631	137,042	218,983	33,552	5,520	39,072	88,533	176,114	307,516
Contributed legal services	-	-	-	54,828	-	14,318	73,511	116,455	67,925	-	67,925	88,433	141,436	204,888
Supplies, Printing & Publications	34,156	9,972	7,452	35,195	205	15,590	102,569	96,577	9,119	7,262	16,381	10,076	118,950	106,653
Mail & Communications	39,724	42,267	11,753	34,912	2,651	13,750	145,058	141,107	8,472	2,404	10,876	10,119	155,934	151,226
Rent & utilities	49,716	76,735	20,789	81,564	-	45,565	274,369	276,102	15,283	13,640	28,923	16,391	303,292	292,493
Motor vehicle expenses	82,392	97,008	13,526	47,824	-	12,930	253,680	258,886	-	-	-	-	253,680	258,886
Equipment & machinery	1,504	6,264	1,520	3,213	-	2,631	15,132	23,385	-	-	-	3,900	15,132	27,285
Information Technology	3,295	182	224	26,914	–	43,412	74,026	75,100	0.00	185	185	4,921	74,211	80,021
Depreciation	28,750	12,352	4,077	38,588	793	18,230	102,791	124,936	739	1,666	2,405	2,215	105,196	127,151
Advertising & Sales Promotion	17,165	43,308	13,646	34,935	9,203	1,852	120,108	150,691	-	-	-	1,652	120,158	152,343
Travel & Meetings	111,807	107,906	42,421	150,197	-	111,785	524,510	595,582	13,388	18,889	32,276	36,165	556,786	631,747
Provision for bad debt	58,877	70,283	-	-	-	-	153,131	60,093	-	-	-	-	153,131	60,093
Other business expenses	10,231	12,205	413	83,810	203	5,730	112,592	79,237	65,065	426	65,491	41,863	178,083	121,100
Total program & support	$ 1,075,639	$ 870,069	$ 278,214	$ 1,513,520	137,294	$ 737,080	$ 4,611,816	$ 5,504,332	$ 470,288	$ 279,995	$ 750,283	$ 646,176	$ 5,362,099	$ 6,150,508
Cost of sales	397,527	208,523	198,163	745,156	303,585	0	1,852,953	1,713,643	-	-	-	-	1,852,953	1,713,643
Gross expenditure	$ 1,473,166	$ 1,078,592	$ 476,377	$ 2,258,676	$440,879	$ 737,080	$ 6,464,769	$ 7,217,975	$ 470,288	$ 279,995	$ 750,283	$ 646,176	$ 7,215,052	$ 7,864,151