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KICKSTART INTERNATIONAL, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2015 AND 2014

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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, 2015 and 2014 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 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, 2015 and 2014 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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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.

PKF Kenya

Certified Public Accountants of Kenya

NAIROBI, KENYA

23- December- 2015

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CONSOLIDATED STATEMENT OF ACTIVITIES

	Note		2015 Unrestricted funds	2015 Temporarily restricted funds	2015 Total	2014 Unrestricted funds	2014 Temporarily restricted funds	2014 Total
Product sales	1	$	1,965,670	-	1,965,670	2,379,012	-	2,379,012
Contributions and grants	2		1,466,515	2,603,831	4,070,346	1,503,275	2,583,475	4,086,750
Other income	3		200,009	-	200,009	215,767	-	215,767
Net assets released from restrictions	4		4,395,645	(4,395,645)	-	3,198,216	(3,198,216)	-
Total income			8,027,839	(1,791,813)	6,236,026	7,296,270	(614,741)	6,681,529
Cost of sales			(1,486,990)	-	(1,486,990)	(1,852,953)	-	(1,852,953)
Program services	5		(5,261,510)	-	(5,261,510)	(4,611,816)	-	(4,611,816)
Support services	6		(697,993)	-	(697,993)	(750,283)	-	(750,283)
Net foreign exchange (loss)			(370,813)	-	(370,813)	(14,462)	-	(14,462)
Change in net assets before tax			210,533	(1,791,813)	(1,581,280)	66,756	(614,741)	(547,985)
Taxation	7		(144,298)	-	(144,298)	154,976	-	154,976
Change in net assets after tax			66,235	(1,791,813)	(1,725,578)	221,732	(614,741)	(393,009)
Net assets at the beginning of the year:			(698,890)	7,275,640	6,576,750	(920,622)	7,890,381	6,969,759
Net assets at the end of the year		$	(632,655)	5,483,827	4,851,172	(698,890)	7,275,640	6,576,750

The accounting policies on pages 6 to 8 and the notes on pages 9 to 15 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note		As at 30 June 2015		2014
ASSETS					
Current assets					
Cash	8	$	756,030	$	481,443
Trade and other receivables	9		3,746,116		3,549,887
Inventories	10		603,401		492,354
			5,105,547		4,523,684
Non-current assets					
Trade and other receivables	9		1,624,425		2,940,395
Property, plant and equipment (Net)	11		278,284		216,626
Deferred tax	12		-		144,298
			1,902,709		3,301,319
Total assets		$	7,008,256	$	7,825,003
LIABILITIES AND NET ASSETS					
Current liabilities					
Trade and other payables	13	$	831,652	$	823,344
Borrowings	14		1,325,432		424,909
Total liabilities			2,157,084		1,248,253
Net assets					
Unrestricted			(632,655)		(698,890)
Temporary restricted			5,483,827		7,275,640
Total net assets			4,851,172		6,576,750
Total liabilities and net assets		$	7,008,256	$	7,825,003

The accounting policies on pages 6 to 8 and the notes on pages 9 to 15 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2015	2014
Cash flows from operating activities			
Change in net assets before tax		$ (1,581,280)	$ (547,985)
Adjustments to reconcile changes in cash from operating activities:			
Depreciation on property, plant and equipment	11	106,873	103,030
Gain on disposal of property, plant and equipment		(33,661)	(39,017)
Net foreign exchange loss		370,813	14,462
Changes in operating assets and liabilities:			
- inventories		(111,047)	102,215
- trade and other receivables		1,119,741	1,174,791
- trade payables and accruals		8,308	(16,967)
Net cash flows (used in)/from operating activities		(120,253)	790,529
Cash flows from investing activities			
Cash paid for purchase of property, plant and equipment	11	(204,091)	(157,273)
Proceeds from disposal of property, plant and equipment		34,737	39,451
Net cash flows used in investing activities		(169,354)	(117,822)
Cash flows from financing activities			
Proceeds from borrowings		885,000	(805,000)
Increase/(decrease) in bank overdraft		15,523	(22,052)
Repayments of finance leases		-	(19,872)
Net cash flows from/(used in) financing activities		900,523	(846,924)
Net increase/(decrease) in cash		610,917	(174,217)
Movement in cash			
At start of year		481,443	651,157
Net foreign exchange loss - excluding property, plant and equipment		(336,331)	4,503
Net increase/(decrease) in cash		610,917	(174,217)
At end of year	8	$ 756,030	$ 481,443

The accounting policies on pages 6 to 8 and the notes on pages 9 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 Ghana
- 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. KickStart does not have any permanently restricted net assets.

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.

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

j) **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.

k) **Expenses**

All expenses are recognized on the accrual basis.

l) **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.

m) **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

n) **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.

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

p) **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.

q) **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**	**2015 Unrestricted funds**	**2015 Temporarily restricted funds**	**2014 Unrestricted funds**	**2014 Temporarily restricted funds**
Kenya Programs	$ 367,403	$ -	$ 532,678	$ -
Tanzania Programs	201,980	-	261,534	-
Mali & Burkina Faso Programs	181,607	-	240,462	-
Zambia & Surronding Countries	956,752	-	955,467	-
Other Africa Programs	257,928	-	388,872	-
	$ 1,965,670	$ -	$ 2,379,012	$ -

2. **Contributions and grants**				
Foundations and trusts	$ 562,142	$ 2,512,585	$ 455,200	$ 2,443,343
Individuals	576,448	0	634,490	10,532
Corporations	268,733	20,000	272,150	80,000
Governments	-	71,246	-	49,600
Contributed legal services	59,192	-	141,435	-
	$ 1,466,515	$ 2,603,831	$ 1,503,275	$ 2,583,475

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

3. **Other income**	**2015 Unrestricted funds**	**2015 Temporarily restricted funds**	**2014 Unrestricted funds**	**2014 Temporarily restricted funds**
Investment income	$ -	$ -	$ -	$ -
Sundry income	200,009	-	215,767	-
	$ 200,009	$ -	$ 215,767	$ -
4. **Net Assets Released from restrictions**	$ 4,395,645	$ (4,395,645)	$ 3,198,216	$ (3,198,216)

5. **Program services**	**2015 Unrestricted funds**	**2015 Temporarily restricted funds**	**2014 Unrestricted funds**	**2014 Temporarily restricted funds**
Kenya programs	$ 1,276,317	$ -	$ 1,075,639	$ -
Tanzania programs	690,287	-	870,069	-
Mali & Burkina Faso programs	284,340	-	278,214	-
Zambia & Surronding Countries	2,034,927		1,513,520	
Export Program	133,379	-	137,294	-
Other Africa programs	842,260	-	737,080	-
	$ 5,261,510	$ -	$ 4,611,816	$ -

6. **Support services**				
Management & general	$ 392,052	$ -	$ 470,288	$ -
Fund-raising	305,941	-	279,995	-
	$ 697,993	$ -	$ 750,283	$ -

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Tax

	2015	2014
Current tax	$ -	$ -
Deferred tax (charge)/credit (Note 12)	(144,298)	154,976
Tax (charge)/credit	$ (144,298)	$ 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, 2015 and 2014, 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 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 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). 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 four years succeeding the year in which they occurred. In 2015 an amendment was made to the Kenya Income Tax Act extending the tax loss carried from four years to nine years. The tax losses arising in Kenya of $ 5,683,308 carried forward will expire as follows:

Arising in	**Tax losses**	**Expiring**
2011	$ (1,561,871)	30 June 2020
2012	(1,349,408)	30 June 2021
2013	(1,066,146)	30 June 2022
2014	(777,950)	30 June 2023
2015	(927,932)	30 June 2024
Tax losses carried forward (Kenya only)	$ (5,683,308)	

8. Cash

	2015	2014
Cash	$ 756,030	$ 481,443

9. Trade and other receivables

	2015	2014
Current		
Trade receivables	$ 563,171	$ 486,182
Pledges receivable	2,904,160	2,757,262
Staff loans and advances	96,853	114,729
Other receivables	181,932	191,714
	3,746,116	3,549,887
Non-current		
Pledges receivable	1,788,238	3,331,781
Less discount to present value	(163,813)	(391,386)
	1,624,425	2,940,395
Total Trade and other receivables	$ 5,370,541	$ 6,490,282

9. Trade and other receivables (continued)

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

Trade receivables	$ 563,171	$ 486,182
Pledges receivable	4,528,585	5,697,657
Staff loans and advances	96,853	114,729
Other receivables	181,932	191,714
	$ 5,370,541	$ 6,490,282

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

Year ended 30 June 2015	**0 to 1 Year**	**2 to 4 Years**	**Total**
Trade receivables	$ 563,171	$ -	$ 563,171
Pledges receivable	2,904,160	1,624,425	4,528,585
Staff loans and advances	96,853	-	96,853
Other receivables	181,932	-	181,932
	$ 3,746,116	$ 1,624,425	$ 5,370,541

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

Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value, and expand disclosures about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the organisation performs a detailed analysis of the assets and liabilities that are measured and reported on fair value basis

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

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 2015

		Pledges
Beginning balance at July 1, 2014	$	5,697,657
New Pledges		2,576,259
Pledges collected		(3,972,904)
Change in present value discount		227,572
Ending balance at June 30, 2015	$	4,528,585

		2015		2014
Movement in pledges receivable				
Non-current				
At start of year	$	2,940,395	$	3,878,374
Portion of new pledges received during the year		800,000		600,000
Reclassification of non-current receivables to current		(2,343,542)		(1,891,512)
Change in present value discount		227,572		353,533
At end of year	$	1,624,425	$	2,940,395

Pledges receivable that are expected to be collected after one year were discounted to their present values using a discount rate of 3.25% (2014: 3.25%) for the new pledges while for the old pledges that existed prior to the 2014 fiscal year, were discounted at 8.29% (2014: 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**

		2015		2014
Finished goods	$	603,401	$	492,354

11. Property, plant and equipment (Net)

Year ended 30 June 2015

	Land & building	Machinery equipment & furniture	Computers & software	Motor vehicles	Work in progress	Totals
Cost						
At start of year	$ 19,255	$ 285,919	$ 709,130	$ 672,177	$ 46,246	$ 1,732,727
Disposals during the year	-	-	(13,327)	(59,760)	-	(73,087)
Translation adjustments	(2,072)	(6,375)	(2,648)	(18,412)	(4,975)	(34,482)
Additions during the year	-	21,647	28,879	153,565	-	204,091
At end of year	$ 17,183	$ 301,192	$ 722,034	$ 747,570	$ 41,271	$ 1,829,249
Depreciation						
At start of year	$ -	$ 278,361	$ 657,720	$ 580,020	$ -	$ 1,516,101
Disposals during the year	-	-	(13,052)	(58,957)	-	(72,009)
Charge for the year	-	15,721	24,463	66,690	-	106,873
At end of year	$ -	$ 294,082	$ 669,130	$ 587,754	$ -	$ 1,550,965
Net book value	$ 17,183	$ 7,110	$ 52,903	$ 159,816	$ 41,271	$ 278,284

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	$ 1,732,726
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	$ -	$ 1,516,102
Net book value	$ 19,255	$ 7,558	$ 51,409	$ 92,157	$ 46,246	$ 216,625

	2015	2014
Reconciliation of additions for the year		
Equipment acquired under capital lease	$ -	$ -
Equipment acquired by cash payments	204,091	157,273
Total additions for the year	$ 204,091	$ 157,273

12. Deferred tax

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

	2015	2014
At start of year	$ 144,298	$ -
(Charge)/credit to statement of activities	(144,298)	154,976
Translation adjustments	-	(10,678)
At end of year	$ -	$ 144,298

12. **Deferred tax (continued)**

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

	At start of year	Credit to statement of activities	At end of year
Deferred tax assets			
Tax losses carried forward	$ 1,552,887	$ 152,105	$ 1,704,992
Property, plant and equipment - accelerated tax depreciation	2,063	(2,214)	(151)
Net deferred tax asset before allowance	1,554,950	149,891	1,704,841
Valuation allowance	(1,410,652)	(294,189)	(1,704,841)
Net deferred tax (asset)	$ 144,298	$ (144,298)	$ -

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 $ 1,704,841 (2014: $ 1,426,613) in respect of tax losses carried forward amounting to $ 5,683,308 (2014: $ 4,755,375) that can be carried forward.

13. **Trade and other payables**

	2015	2014
Current		
Trade payables	$ 661,803	$ 536,422
Due to directors (note 15)	82,794	115,856
Accruals & other payables	87,056	171,066
Total trade and other payables	$ 831,652	$ 823,344

14. **Borrowings**

Current		
Other borrowings	$ 1,300,000	$ 415,000
Bank overdraft	25,432	9,909
Total borrowings	1,325,432	424,909

The other borrowings are secured by a guarantee from the Skoll Foundation and are subject to interest rate equal to the LIBOR rate plus a margin of 2.50%.

15. **Related party transactions and balances**	**2015**	**2014**
The following transactions were carried out with other related parties:		
i) *Contributions from organizations associated with members of the board of directors.*	$ 273,192	$ 135,500
ii) *Other payables to directors (note 13)*	$ 82,794	$ 115,856

16. **Contingent liability**

Total amount of contingent liability	$ 5,123	$ 5,741

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**	**2015**	**2014**
There future minimum lease payments under non-cancellable operating leases as of 30 June 2015 were as follows:		
Year ending 30 June 3015	$ 74,850	$ 123,181

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

Management has evaluated subsequent events through December 03, 2015, 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									
	Kenya Program	Tanzania Program	West Africa Programs Programs	Zambia & Surrounding Countries	Export Programs	Other Africa Programs	2015 Total Program Services	2014 Total Program Services	Mgmt & General	Fund-Raising	2015 Total Support Services	2014 Total Support Services	2015 Total Expenses	2014 Total Expenses
Salaries & wages	$ 373,416	$ 186,574	$ 89,678	$ 895,215	$ 114,304	$ 422,618	$ 2,081,804	$ 2,092,611	$ 161,258	$ 215,810	$ 377,068	$ 420,889	$ 2,458,872	$ 2,513,500
Benefits & Other Employee Expenses	130,972	84,158	10,358	134,229	4,662	82,522	446,901	430,687	36,528	39,726	76,254	65,809	523,155	496,496
Audit, legal & professional fees	137,799	23,301	9,738	35,377	1,543	115,873	323,631	137,042	84,813	5,053	89,866	39,072	413,497	176,114
Contributed legal services	-	-	-	26,636	-	12,437	39,073	73,511	18,825	1,294	20,119	67,925	59,192	141,436
Supplies, Printing & Publications	23,885	11,052	3,304	38,413	561	12,019	89,234	102,569	9,072	7,479	16,551	16,381	105,785	118,950
Mail & Communications	38,799	24,947	8,869	41,675	1,404	9,460	125,155	145,058	7,522	2,628	10,150	10,876	135,305	155,934
Rent & utilities	60,525	58,036	22,801	83,251	64	34,955	259,633	274,369	15,083	16,100	31,183	28,923	290,816	303,292
Motor vehicle expenses	62,828	64,556	14,021	86,830	584	15,243	244,061	255,846	-	-	-	-	244,061	255,846
Equipment & machinery	2,597	4,886	2,576	6,911	241	3,680	20,890	15,132	1,103	342	1,445	-	22,335	15,132
Information Technology	6,523	(1,340)	1,981	26,486	-	34,838	68,489	74,026	10	-	10	185	68,499	74,211
Depreciation	4,684	5,925	2,406	91,549	713	-	105,277	100,625	757	839	1,596	2,405	106,873	103,030
Advertising & Sales Promotion	18,709	12,183	11,755	179,070	8,442	3,253	233,412	120,108	2,434	-	2,434	50	235,846	120,158
Travel & Meetings	99,782	91,509	35,761	295,761	468	90,011	613,293	524,510	12,277	16,570	28,847	32,276	642,140	556,786
Provision for bad debt	213,412	96,989	69,517	-	-	-	379,918	153,131	-	-	-	-	379,918	153,131
Other business expenses	102,386	27,510	1,574	93,524	393	5,350	230,738	112,592	42,370	100	42,470	65,491	273,208	178,083
Total program & support	**$ 1,276,317**	**$ 690,287**	**$ 284,340**	**$ 2,034,927**	**133,379**	**$ 842,260**	**$ 5,261,510**	**$ 4,611,816**	**$ 392,052**	**$ 305,941**	**$ 697,993**	**$ 750,283**	**$ 5,959,503**	**$ 5,362,099**
Cost of sales	244,416	180,087	160,298	715,507	186,682	-	1,486,990	1,852,953	-	-	-	-	1,486,990	1,852,953
Gross expenditure	**$ 1,520,733**	**$ 870,374**	**$ 444,638**	**$ 2,750,434**	**$320,061**	**$ 842,260**	**$ 6,748,500**	**$ 6,464,769**	**$ 392,052**	**$ 305,941**	**$ 697,993**	**$ 750,283**	**$ 7,446,493**	**$ 7,215,052**