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KICKSTART INTERNATIONAL, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2018 AND 2017

CONTENTS

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

Opinion

We have audited the financial statements of Kickstart International, Inc set out on pages 4 to 18, which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of activities and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Corporation as at 30 June 2018, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restriction on Use and Basis of Accounting

Without modifying our opinion, we draw attention to page 7 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.

Other information

The directors are responsible for the other information. The other information comprises the statement of consolidated functional expenses but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Other information (continued)

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.

Responsibilities of Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with accounting principles generally accepted in the United States of America, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF Kenya.
Certified Public Accountants of Kenya

NAIROBI, KENYA

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CONSOLIDATED STATEMENTS OF ACTIVITIES

	Note	2018 Unrestricted funds	2018 Temporarily restricted funds	2018 Total	2017 Unrestricted funds	2017 Temporarily restricted funds	2017 Total
		$	$	$	$	$	$
Product sales	1	2,077,881	-	2,077,881	1,697,896	-	1,697,896
Contributions and grants	2	1,346,722	1,989,141	3,335,863	1,145,258	1,987,374	3,132,632
Other income	3	109,884	-	109,884	83,389	-	83,389
Net assets released from restrictions	4	2,582,483	(2,582,483)	-	3,664,201	(3,664,201)	-
Total income		6,116,970	(593,342)	5,523,628	6,590,744	(1,676,827)	4,913,917
Cost of sales		(1,513,692)	-	(1,513,692)	(1,496,738)	-	(1,496,738)
Program services	5	(3,873,851)	-	(3,873,851)	(4,614,206)	-	(4,614,206)
Support services	6	(562,675)	-	(562,675)	(599,705)	-	(599,705)
Net foreign exchange gain/(loss)		9,645	-	9,645	(31,361)	-	(31,361)
Change in net assets before tax		176,397	(593,342)	(416,945)	(151,266)	(1,676,827)	(1,828,093)
Taxation	7	570	-	570	459	-	459
Change in net assets after tax		176,967	(593,342)	(416,375)	(150,807)	(1,676,827)	(1,827,634)
Net assets at the beginning of the year:		(659,548)	2,582,897	1,923,349	(508,741)	4,259,724	3,750,983
Change in net assets after tax		176,967	(593,342)	(416,375)	(150,807)	(1,676,827)	(1,827,634)
Net assets at the end of the year		(482,581)	1,989,555	1,506,974	(659,548)	2,582,897	1,923,349

The accounting policies on pages 7 to 11 and the notes on pages 12 to 18 form an intergral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2018 $	2017 $
ASSETS			
Current assets			
Unrestricted cash	8	823,117	775,172
Cash restricted due to guarantee of debt	8	501,346	-
Trade and other receivables (net)	9	1,498,745	770,036
Contributions receivables (net)	10	1,120,154	1,415,383
Inventories	11	351,158	405,732
		4,294,520	3,366,323
Non-current assets			
Contributions receivables (net)	10	373,649	697,257
Property, plant and equipment (Net)	12	91,177	133,133
Other receivables (net)	13	686	175
		465,512	830,565
Total assets		4,760,032	4,196,888
LIABILITIES AND NET ASSETS			
Current liabilities			
Trade and other payables	14	966,987	478,772
Borrowings	15	2,286,071	1,794,767
Total liabilities		3,253,058	2,273,539
Net assets			
Unrestricted		(482,581)	(659,548)
Temporary restricted		1,989,555	2,582,897
Total net assets		1,506,974	1,923,349
Total liabilities and net assets		4,760,032	4,196,888

The accounting policies on pages 7 to 11 and the notes on pages 12 to 18 form an intergral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2018 $	2017 $
Cash flows from operating activities			
Change in net assets before tax		(416,945)	(1,828,093)
Adjustments to reconcile change in net assets to net cash from operating activities:			
Depreciation on property, plant and equipment	12	46,533	71,793
Gain on disposal of property, plant and equipment		-	(7,370)
Net foreign exchange loss		(9,645)	31,361
Cash restricted due to guarantee of debt		(501,346)	-
Changes in operating assets and liabilities:			
- inventories		54,574	303,189
- trade and other receivables		(728,709)	431,806
- Contribution receivable (net)		618,837	1,034,412
- trade payables and accruals		488,215	(396,077)
Net cash flows from/(used in) operating activities		(448,486)	(358,979)
Cash flows from investing activities			
Cash paid for purchase of property, plant and equipment	12	(11,826)	(6,671)
Proceeds from disposal of property, plant and equipment		-	7,370
Net cash flows (used in)/from investing activities		(11,826)	699
Cash flows from financing activities			
Proceeds from borrowings		1,025,000	550,000
Repayment of borrowings		(435,000)	(250,000)
Repayment of Open Road Alliance LOC		(125,000)	-
Increase/(decrease) in bank overdraft		26,305	(19,591)
Net cash flows from financing activities		491,305	280,409
Net increase/(decrease) in cash		30,993	(77,871)
Movement in cash			
At start of year		775,172	884,536
Net foreign exchange loss - excluding property, plant and equipment		16,952	(31,493)
Net increase/(decrease) in cash		30,993	(77,871)
At end of year	8	823,117	775,172
Supplemental disclosure of cash flow information			
Cash paid during the year for interest		95,583	69,970

The accounting policies on pages 7 to 11 and the notes on pages 12 to 18 form an intergral 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
- KickStart International, Inc. in Nigeria
- 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 authorization of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue.

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

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

Issued but not adopted accounting pronouncements (continued)

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements of Not for Profit Entities, whose aim is to improve the current net asset classification requirements and information presented in the financial statements and notes about a not-for-entities (NFP's) liquidity, financial performance and cash flows. ASU 2016-14 is effective for the fiscal years beginning after December 15, 2017. Early adoption is permitted.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows, which requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. ASU 2016-18 is effective for fiscal years beginning after December 31, 2019. Early adoption is permitted.

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. ASU 2014-09 is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes 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. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Certain cash is restricted by donors for longterm purposes.

g) **Investments**

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

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 $ 350,000 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 $ 68,634 (2017: $ 85,788)

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Product sales**	**2018 Unrestricted funds**	**2018 Temporarily restricted funds**	**2017 Unrestricted funds**	**2017 Temporarily restricted funds**
	$	$	$	$
Eastern Hub	479,053	-	956,432	-
Western Hub	508,208	-	293,878	-
Southern Hub	1,090,620	-	447,586	-
	2,077,881	-	1,697,896	-

2. **Contributions and grants**				
Foundations and trusts	284,926	1,395,094	263,541	1,866,585
Individuals	673,626	564,047	506,514	24,897
Corporations	38,170	30,000	30,551	45,000
Governments	-	-	-	50,892
Contributed legal services	350,000	-	344,652	-
	1,346,722	1,989,141	1,145,258	1,987,374

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

3. **Other income**	**2018 Unrestricted funds**	**2018 Temporarily restricted funds**	**2017 Unrestricted funds**	**2017 Temporarily restricted funds**
Sundry income	109,884	-	83,389	-
	109,884	-	83,389	-
4. **Net Assets Released from restrictions**	2,582,483	(2,582,483)	3,664,201	(3,664,201)

5. **Program services**	**2018 Unrestricted funds**	**2018 Temporarily restricted funds**	**2017 Unrestricted funds**	**2017 Temporarily restricted funds**
	$	$	$	$
Eastern Hub	457,009	-	834,553	-
Western Hub	383,186	-	363,123	-
Southern Hub	570,124	-	887,631	-
Product Innovations & Dev.	860,595	-	575,669	-
Other Africa programs	1,602,937	-	1,953,230	-
	3,873,851	-	4,614,206	-

6. **Support services**				
Management & general	310,456	-	355,649	-
Fundraising	252,219	-	244,056	-
	562,675	-	599,705	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Tax

	2018 $	2017 $
Current tax	-	-
Deferred tax (credit)/charge (Note 13)	(511)	129
(Over)provision of deferred tax in prior years	(59)	(588)
Tax (credit)	(570)	(459)

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, 2018 and 2017, 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 2017, 2016 and 2015 and further filing of Exempt Corporation 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, Ghana, Nigeria 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, the affiliate has accumulated tax losses in respect of product sales income and expenditure on which deferred tax arises. Deferred tax assets on tax losses carried forward are only recognised to the extent of likelihood of availability of sufficient future taxable profits to utilise such losses.

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 extending the tax losses from five years to 10 years. The tax losses of $ 8,618,403 carried forward will expire as follows:

Arising in	**Tax losses**	**Expiring**
2011 and earlier	(1,292,115)	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
2017	(1,215,491)	30 June 2025
Tax losses carried forward	(8,618,403)	

8. Cash

	2018 $	2017 $
Cash	1,324,463	775,172

For the purpose of the statement cash flow, the year end cash and cash equivalents comprise the following:

	2018 $	2017 $
Cash	1,324,463	775,172
Restricted due to guarantee of debt	(501,346)	-
	823,117	775,172

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Trade and other receivables

	2018	2017
	$	$
Current		
Trade receivables	1,110,041	398,193
Staff loans and advances	203,551	172,724
Other receivables	185,153	199,119
Total	1,498,745	770,036

10. Contributions receivables (net)

	2018	2017
Current		
Pledges receivable	1,120,154	1,415,383
Non-current		
Pledges receivable	394,748	740,250
Less discount to present value	(21,100)	(42,993)
	373,649	697,257
Total	1,493,803	2,112,640

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

	2018	2017
Trade receivables	1,110,041	398,193
Pledges receivable	1,493,803	2,112,640
Staff loans and advances	203,551	172,724
Other receivables	185,153	199,119
	2,992,548	2,882,676

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

Year ended 30 June 2018	**0 to 1 Year**	**2 to 4 Years**	**Total**
	$	$	$
Trade receivables	1,110,041	-	1,110,041
Pledges receivable	1,120,154	373,649	1,493,803
Staff loans and advances	203,551	-	203,551
Other receivables	185,153	-	185,153
	2,618,899	373,649	2,992,548

Year ended 30 June 2017	**0 to 1 Year**	**2 to 4 Years**	**Total**
	$	$	$
Trade receivables	398,193	-	398,193
Pledges receivable	1,415,383	697,257	2,112,640
Staff loans and advances	172,724	-	172,724
Other receivables	199,119	-	199,119
	2,185,419	697,257	2,882,676

10. **Contributions receivables (net) (continued)**

Movement in pledges receivable	**2018** $	**2017** $
Non-current		
At start of year	697,257	999,019
Portion of new pledges received during the year	339,748	200,000
Reclassification of non-current receivables to current	(685,250)	(550,000)
Change in present value discount	21,894	48,237
At end of year	373,649	697,257

Non-current		
At start of year	3,878,374	5,124,394
Change in present value discount	(3,461,732)	(1,736,747)
Net realized and unrealized gains	(42,993)	490,727
At end of year	373,649	3,878,374

Pledges receivable that are expected to be collected after one year were discounted to their present values using a discount rate of 3.25% (2017: 3.25%) for the new pledges while for the old pledges that existed prior to the 2014 fiscal year, were discounted at 8.29% (2017: 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**

	2018 $	**2017** $
Finished goods	351,158	405,732

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

Year ended 30 June 2018

	Land & building	**Machinery equipment & furniture**	**Computers & software**	**Motor vehicles**	**Work in progress**	**Totals**
Cost	$	$	$	$	$	$
At start of year	16,373	317,870	739,751	680,484	39,303	1,793,781
Translation adjustments	235	(4,636)	(379)	(15,402)	564	(19,618)
Additions during the year	-	4,139	7,686	-	-	11,826
At end of year	16,608	317,373	747,058	665,082	39,867	1,785,989
Depreciation						
At start of year	-	314,129	697,863	648,657	-	1,660,649
Translation adjustments	-	(498)	222	(12,094)	-	(12,370)
Charge for the year	-	985	20,156	25,393	-	46,533
At end of year	-	314,616	718,241	661,955	-	1,694,812
Net book value	16,608	2,758	28,817	3,127	39,867	91,177

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

Year ended 30 June 2017

	Land & building	Machinery equipment & furniture	Computers & software	Motor vehicles	Work in progress	Totals
Cost	$	$	$	$	$	$
At start of year	16,666	318,214	735,109	679,498	40,005	1,789,492
Disposals during the year	-	-	-	(15,722)	-	(15,722)
Translation adjustments	(293)	(707)	(1,666)	16,708	(702)	13,340
Additions during the year	-	363	6,308	-	-	6,671
At end of year	16,373	317,870	739,751	680,484	39,303	1,793,781
Depreciation						
At start of year	-	306,632	679,835	605,490	-	1,591,957
Disposals during the year	-	-	-	(15,722)	-	(15,722)
Translation adjustments	-	(960)	(2,307)	15,887	-	12,620
Charge for the year	-	8,457	20,335	43,002	-	71,793
At end of year	-	314,129	697,863	648,657	-	1,660,648
Net book value	16,373	3,741	41,888	31,827	39,303	133,133

Leasehold land and buildings were professionally valued on 04 July 2017 by Highland Valuers Limited on the basis of open market value for leasehold land and buildings. The revalued amount is $ 1 million. The book values of the properties have not been adjusted to the revaluations.

13. **Deferred tax**

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2017: 30%). The movement on the deferred tax account is as follows:

	2018	2017
	$	$
At start of year	(175)	(304)
(Credit)/charge to statement of activities (note 7)	(511)	129
At end of year	(686)	(175)

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

	At start of year	Charge to statement of activities	At end of year
Deferred tax assets	$	$	$
Property, plant and equipment			-
- accelerated tax depreciation	(175)	(511)	(686)
Net deferred tax (asset)	(175)	(511)	(686)

13. **Deferred tax (continued)**

Deferred tax assets on tax losses carried forward are only recognised to the extent of certainty of availability of sufficient future taxable profits to utilise such losses against. Deferred tax assets amounting to $ 8,618,403 (2017: $ 8,888,160) in respect of tax losses carried forward amounting to $ 2,585,521 (2017: $ 2,666,448) that can be carried forward against future taxable profits have not been recognised. These tax losses expiry is disclosed in note 7 to the financial statements.

14. **Trade and other payables**

	2018	2017
Current	$	$
Trade payables	726,340	314,583
Due to directors (note 16)	78,890	82,011
Accruals & other payables	161,757	82,178
Total trade and other payables	966,987	478,772

15. **Borrowings**

Current		
Other borrowings	2,215,000	1,750,000
Bank overdraft	71,071	44,767
Total borrowings	2,286,071	1,794,767

The other borrowings are secured by the following:

- a guarantee from the Skoll Foundation and are subject to interest rate equal to libor rate plus a margin of 2.50%. The maturity date of this borrowing is July 31, 2019.
- a guarantee from the Open Road Alliance and are subject to interest rate of 2.50% flat rate. The maturity date of this borrowing is March 31, 2019.

16. Related party transactions and balances

The following transactions were carried out with other related parties:

	2018 $	2017 $
i) *Contributions from organizations associated with members of the board of directors.*	662,970	507,399
ii) *Other payables to directors (note 14)*	78,890	82,011

The other payables to directors relate to accrued salaries due to the Chief Executive Officer.

17. Contingent liability

	2018 $	2017 $
Total amount of contingent liability	4,948	4,878

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

There future minimum lease payments under non-cancellable operating leases as of 30 June 2018 were as follows:

	2018 $
2019	21,946
2020	23,592
2021	25,362
2022	27,264
2023	21,577
	119,742

Rent costs totalled approximately $ 113,580 for the year ended June 30, 2017.

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

Management has evaluated subsequent events through October 12, 2018, the date the financial statements were available to be issued.

APPENDIX 1

STATEMENT OF CONSOLIDATED FUNCTIONAL EXPENSES

	PROGRAM SERVICES							SUPPORT SERVICES				TOTAL	
						2018	2017			2018	2017	2018	2017
	Eastern Programs	Western Programs	Southern Programs	Product Innovations & Development	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	$ 113,781	$ 76,353	$ 197,995	$ 283,170	$ 871,122	$ 1,542,421	$ 1,982,935	$ 87,659	$ 139,565	$ 227,224	$ 261,434	$ 1,769,645	$ 2,244,369
Benefits & Other Employee Expenses	39,160	5,551	54,073	50,259	160,851	309,894	336,442	34,371	48,158	82,529	74,160	392,423	410,602
Audit, legal & professional fees	157,474	33,304	12,703	117,894	90,880	412,255	342,893	62,193	20,164	82,357	92,416	494,612	435,309
Contributed legal services	-	-	-	269,519	1,252	270,771	344,652	74,087	5,141	79,228	-	349,999	344,652
Supplies, Printing & Publications	2,269	2,888	4,136	44,942	21,168	75,403	51,217	10,488	12,939	23,427	20,288	98,830	71,505
Mail & Communications	3,863	4,819	7,357	7,232	21,794	45,065	74,273	4,050	1,595	5,645	6,788	50,710	81,061
Rent & utilities	8,137	24,970	6,215	17,094	66,097	122,513	200,504	10,675	8,663	19,338	25,452	141,851	225,956
Motor vehicle expenses	28,224	15,534	63,531	11,468	9,088	127,845	184,578	-	-	-	-	127,845	184,578
Equipment & machinery	-	2,171	-	16,090	601	18,862	13,683	483	11	494	1,090	19,356	14,773
Information Technology	6,318	5,281	8,733	6,323	37,609	64,264	39,076	2,380	0	2,380	969	66,644	40,045
Depreciation	3,235	4,934	30,977	440	6,193	45,779	69,720	1,366	1,240	2,606	2,073	48,385	71,793
Advertising & Sales Promotion	37,817	35,404	43,198	7,130	5,906	129,455	234,248	1,184	3,895	5,079	1,422	134,534	235,670
Travel & Meetings	48,098	56,463	76,956	12,097	195,684	389,298	512,255	7,362	8,212	15,574	27,108	404,872	539,363
Provision for bad debt	7,799	97,638	25,016	-	-	130,453	141,362	-	-	-	-	130,453	141,362
Other business expenses	834	17,876	39,234	16,937	114,692	189,573	86,368	14,158	2,636	16,794	86,504	206,367	172,872
Total program & support	**$ 457,009**	**$ 383,186**	**$ 570,124**	**$ 860,595**	**$ 1,602,937**	**$ 3,873,851**	**$ 4,614,206**	**$ 310,456**	**$ 252,219**	**$ 562,675**	**$ 599,705**	**$ 4,436,526**	**$ 5,213,911**
Cost of sales	355,605	368,546	790,434	-	-	1,514,585	1,496,738	-	-	-	-	1,514,585	1,496,738
Gross expenditure	**$ 812,614**	**$ 751,732**	**$ 1,360,558**	**$ $860,595**	**$ 1,602,937**	**$ 5,388,436**	**$ 6,110,944**	**$ 310,456**	**$ 252,219**	**$ 562,675**	**$ 599,705**	**$ 5,951,111**	**$ 6,710,649**