

**AFRICA NETWORK FOR ANIMAL
WELFARE - USA**

FINANCIAL STATEMENTS

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DECEMBER 31, 2015

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CPAs, P.C.

Member: AICPA and Colorado Society of CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Africa Network for Animal Welfare - USA
Denver, Colorado

We have audited the accompanying financial statements of Africa Network for Animal Welfare - USA (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control; relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Africa Network for Animal Welfare - USA as of December 31, 2015 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Davis & Co., CPAs, P.C.

Highlands Ranch, Colorado
November 9, 2016

AFRICA NETWORK FOR ANIMAL WELFARE - USA
Statement of Financial Position
December 31, 2015

ASSETS

Current assets

Cash and cash equivalents \$9,897

LIABILITIES AND NET ASSETS

Current liabilities

Accrued expenses \$ 2,151

Deferred revenue 3,000

5,151

Net assets

Unrestricted 4,746

\$9,897

The accompanying notes are an integral part of this statement.

AFRICA NETWORK FOR ANIMAL WELFARE - USA
Statement of Activity and Changes in Net Assets
For the Year Ended December 31, 2015

Support and revenue	
Grants from foundations	\$ 324,048
Contributions – individuals & groups	31,385
Program service revenue	56,238
Merchandise sales, net	<u>4,981</u>
Total support and revenue	416,652
Functional expenses	
Program services	401,134
Supporting services	
Management and general	<u>22,165</u>
Total expenses	<u>423,299</u>
Change in net assets	(6,647)
Net assets, beginning of year	<u>11,393</u>
Net assets, end of year	<u>\$4,746</u>

The accompanying notes are an integral part of this statement.

AFRICA NETWORK FOR ANIMAL WELFARE - USA
Statement of Functional Expenses
For the Year Ended December 31, 2015

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Total Expenses</u>
Grants to ANAW-USA - Africa	\$ 386,355	\$ --	\$ 386,355
Personnel expenses	--	9,877	9,877
Travel & meetings	9,334	643	9,977
Website & technology	3,605	22	3,627
Professional fees & services	1,840	5,732	7,572
Printing & postage	--	4,354	4,354
Office supplies & expenses	--	687	687
Insurance	<u>--</u>	<u>850</u>	<u>850</u>
 Total expenses	 <u>\$401,134</u>	 <u>\$22,165</u>	 <u>\$423,299</u>

The accompanying notes are an integral part of this statement.

AFRICA NETWORK FOR ANIMAL WELFARE - USA
Statement of Cash Flows
For the Year Ended December 31, 2015

CASH FLOW FROM OPERATING ACTIVITIES:

Change in net assets	\$ (6,647)
Adjustments to reconcile to net cash provided by operating activities:	
Not applicable	
Changes in operating assets and liabilities:	
Increase in accrued expenses	2,151
Increase in deferred revenue	<u>3,000</u>
Net cash flow from operating activities	<u>(1,496)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(1,496)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>11,393</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$9,897</u>

The accompanying notes are an integral part of this statement.

AFRICA NETWORK FOR ANIMAL WELFARE - USA

Notes to Financial Statements

December 31, 2015

Note 1: Summary of Significant Accounting Policies

Significant accounting policies are as follows:

a. Organization background

Africa Network for Animal Welfare - USA ("ANAW-USA") was established as a non-profit corporation on September 5, 2006 under the laws of the State of Colorado. ANAW-USA's over-arching vision is to promote the sustainability of animals and communities in Africa. ANAW-USA's efforts are focused on ending animal cruelty, promoting conservation and providing educational opportunities for individuals and groups both in the United States and Africa.

Since inception, this vision has been carried out primarily through collaborative arrangements driving grant funding to well established NGOs within Africa. Specifically, during 2015 ANAW-USA provided significant general operating support to Africa Network for Animal Welfare-Africa ("ANAW") its partner NGO in Kenya. This support included funding for rent, utilities, office supplies, computer purchases, and salaries to ANAW's employees. 2015 featured the second trip of visiting veterinarians providing much needed services in rural sub-saharan Kenya. In addition, on-going education and training programs continued to work closely with rural Kenyan communities encouraging alternative hunting practices, anti-poaching, alternative development, and youth employment. Since its inception in 2006, ANAW has been actively engaged in policy development and advocating for humane practices toward animal treatment.

ANAW-USA relies primarily on grants and contributions from the private sector to carry out its vision.

b. Financial statement presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

ANAW-USA follows the provisions of FASB ASC 958-210 "*Financial Statements of Not-for-Profit Organizations*". Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets, as follows:

Unrestricted - Resources not subject to donor-imposed restrictions.

Temporarily restricted - Resources subject to donor-imposed restrictions that will be satisfied either by the actions of the Organization or the passage of time. There were no net assets of this type at either December 31, 2015 or 2014.

(Continued)

AFRICA NETWORK FOR ANIMAL WELFARE - USA

Notes to Financial Statements

December 31, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

c. Revenue recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted either for future periods or for specific purposes by the donor are reported as temporarily restricted support that increases that net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

If a donor-imposed restriction is satisfied in the same accounting period that the revenue is received, ANAW-USA reports the revenue as "unrestricted."

Program service fees are recognized in the same time period that the underlying services are performed.

d. Cash and cash equivalents

For purposes of the statement of cash flows, ANAW-USA considers all demand and time deposits with maturities of six months or less to be cash equivalents as long as they are not legally restricted as to withdrawal. All of ANAW-USA's account balances at December 31, 2015 were fully insured by the Federal Deposits Insurance Corporation.

e. Accounts receivable

When applicable, receivables consist primarily of grants or program fees which are owed by well-known donor sources. Based on historical experience, ANAW-USA has elected to use the direct write-off method for any receivables deemed to be uncollectible. Therefore; an allowance for bad debts is not recorded herein.

f. Donated services and materials

ANAW-USA records all services which are significant, require technical expertise and would have been purchased if not received via donation. Similarly, donated materials are recorded at fair value if they are significant and otherwise would have been purchased. There were no contributions meeting either of these criteria during 2015.

g. Estimates

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(Continued)

AFRICA NETWORK FOR ANIMAL WELFARE - USA

Notes to Financial Statements

December 31, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

h. Functional expenses

Expenses directly identified with a functional area are charged to such area. If an expense affects more than one area, it is allocated by the time expended or another reasonable basis. Fundraising expenses are not significant.

i. Tax status

ANAW-USA is exempt from federal and state income taxes under IRS Code Section 501(c)(3), has no items of unrelated business income and believes it has complied with all requirements necessary to maintain its status.

j. Subsequent events

Management has evaluated subsequent events through November 9, 2016, the date the auditor's opinion on these financial statements was available to be issued.

Note 2: Grants to Others and Related Party Transactions

ANAW-USA made \$386,355 in grants to ANAW (See Footnote 1a) during 2015. ANAW is duly registered as an NGO in good-standing in Kenya under the provisions of the Non-Governmental Organizations Co-ordination Act, 1990 section 3(10). All grants are separately approved by ANAW-USA's board of directors and are based on a submitted grant budget which has been approved by ANAW's board of directors.

Two non-officer directors of ANAW-USA are also directors of ANAW who also hold officer positions. One non-officer director of ANAW-USA is also a director, officer, and the key employee of ANAW.

Note 3: Concentration of Support

During the year ended December 31, 2015, ANAW-USA received \$150,000 (36% of its total support and revenue) from a single donor advised fund at a community foundation. Future funding from this source, although expected by ANAW-USA, is not guaranteed.