

**Heart for Africa, Inc. and
Consolidated Entity**

Report on Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

Heart for Africa, Inc. and Consolidated Entity

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Independent Auditor's Report

To the Board of Directors
Heart for Africa, Inc.
Roswell, Georgia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Heart for Africa, Inc. and its consolidated entity (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years 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 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 control relevant to the preparation and fair presentation of consolidated 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 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 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 significant 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 Heart for Africa, Inc. and its consolidated entity as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on 2017 Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and it 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 consolidating 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Chattanooga, Tennessee
July 24, 2018

Heart for Africa, Inc. and Consolidated Entity

Consolidated Statements of Financial Position

As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 861,903	\$ 840,200
Accounts receivable, net	27,835	95,712
Prepaid expenses	5,533	7,572
Inventory	88,151	82,177
Total current assets	<u>983,422</u>	<u>1,025,661</u>
Property and equipment, net	5,325,156	4,391,625
Total assets	<u>\$ 6,308,578</u>	<u>\$ 5,417,286</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 245,491</u>	<u>\$ 187,965</u>
Net assets		
Unrestricted	5,448,240	4,692,337
Temporarily restricted	614,847	536,984
Total net assets	<u>6,063,087</u>	<u>5,229,321</u>
Total liabilities and net assets	<u>\$ 6,308,578</u>	<u>\$ 5,417,286</u>

See Notes to Consolidated Financial Statements

Heart for Africa, Inc. and Consolidated Entity**Consolidated Statement of Activities****For the year ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and support			
Contributions	\$ 1,093,196	\$ 1,522,223	\$ 2,615,419
Noncash donations	203,709	-	203,709
Special events revenue, less direct costs of \$17,008	78,832	-	78,832
Jewelry and farm sales	833,680	-	833,680
Other income	131,957	-	131,957
	<u>2,341,374</u>	<u>1,522,223</u>	<u>3,863,597</u>
Net assets released from restrictions	1,444,360	(1,444,360)	-
Total revenue and support	<u>3,785,734</u>	<u>77,863</u>	<u>3,863,597</u>
Expenses			
Program services	2,961,966	-	2,961,966
Supporting services:			
Management and general	413,929	-	413,929
Fundraising	157,544	-	157,544
Total supporting services	<u>571,473</u>	<u>-</u>	<u>571,473</u>
Total expenses	<u>3,533,439</u>	<u>-</u>	<u>3,533,439</u>
Change in net assets before currency translation adjustment	252,295	77,863	330,158
Currency translation adjustment	<u>503,608</u>	<u>-</u>	<u>503,608</u>
Change in net assets	755,903	77,863	833,766
Net assets, beginning of year	<u>4,692,337</u>	<u>536,984</u>	<u>5,229,321</u>
Net assets, end of year	<u>\$ 5,448,240</u>	<u>\$ 614,847</u>	<u>\$ 6,063,087</u>

See Notes to Consolidated Financial Statements

Heart for Africa, Inc. and Consolidated Entity**Consolidated Statement of Activities****For the year ended December 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and support			
Contributions	\$ 1,290,845	\$ 1,369,427	\$ 2,660,272
Noncash donations	339,788	-	339,788
Special events revenue, less direct costs of \$11,530	47,077	-	47,077
Jewelry and farm sales	651,782	-	651,782
Other income	47,417	-	47,417
	<u>2,376,909</u>	<u>1,369,427</u>	<u>3,746,336</u>
Net assets released from restrictions	1,323,410	(1,323,410)	-
Total revenue and support	<u>3,700,319</u>	<u>46,017</u>	<u>3,746,336</u>
Expenses			
Program services	<u>2,434,009</u>	-	<u>2,434,009</u>
Supporting services:			
Management and general	316,339	-	316,339
Fundraising	127,811	-	127,811
Total supporting services	<u>444,150</u>	-	<u>444,150</u>
Total expenses	<u>2,878,159</u>	-	<u>2,878,159</u>
Change in net assets before currency translation adjustment	822,160	46,017	868,177
Currency translation adjustment	<u>477,452</u>	-	<u>477,452</u>
Change in net assets	1,299,612	46,017	1,345,629
Net assets, beginning of year	<u>3,392,725</u>	<u>490,967</u>	<u>3,883,692</u>
Net assets, end of year	<u>\$ 4,692,337</u>	<u>\$ 536,984</u>	<u>\$ 5,229,321</u>

See Notes to Consolidated Financial Statements

Heart for Africa, Inc. and Consolidated Entity

Consolidated Statement of Functional Expenses

For the year ended December 31, 2017

	Program services	Supporting services		Total
		Management and general	Fundraising	
Salaries and wages	\$ 522,397	\$ 185,974	\$ 104,165	\$ 812,536
Project grants	1,520,402	4,917	-	1,525,319
Long-term and short-term volunteers	207,382	-	-	207,382
Trip expenses	91,147	-	-	91,147
Accounting and bank fees	-	66,755	-	66,755
Office expenses	19,076	45,542	3,962	68,580
Fundraising and development fees	-	-	34,118	34,118
Occupancy	89,908	6,177	2,849	98,934
Employee benefits	9,097	6,236	1,386	16,719
Payroll taxes	17,007	7,897	5,469	30,373
Depreciation	271,296	21,346	765	293,407
Travel and meetings	73,104	6,690	4,830	84,624
Repair and maintenance	53,932	-	-	53,932
Motor vehicle and transport	67,445	4,559	-	72,004
Miscellaneous	19,773	57,836	-	77,609
	<u>\$ 2,961,966</u>	<u>\$ 413,929</u>	<u>\$ 157,544</u>	<u>\$ 3,533,439</u>

See Notes to Consolidated Financial Statements

Heart for Africa, Inc. and Consolidated Entity

Consolidated Statement of Functional Expenses

For the year ended December 31, 2016

	Program services	Supporting services		Total
		Management and general	Fundraising	
Salaries and wages	\$ 444,136	\$ 172,032	\$ 90,794	\$ 706,962
Project grants	1,196,593	14,597	-	1,211,190
Long-term and short-term volunteers	149,009	-	-	149,009
Trip expenses	127,983	-	-	127,983
Accounting and bank fees	-	64,830	-	64,830
Office expenses	17,711	15,617	3,484	36,812
Fundraising and development fees	-	-	23,453	23,453
Occupancy	63,236	2,801	979	67,016
Employee benefits	11,548	14,492	1,704	27,744
Payroll taxes	16,090	7,471	5,173	28,734
Depreciation	205,431	16,092	520	222,043
Travel and meetings	85,773	3,099	1,704	90,576
Repair and maintenance	43,447	-	-	43,447
Motor vehicle and transport	60,196	4,291	-	64,487
Miscellaneous	12,856	1,017	-	13,873
	<u>\$ 2,434,009</u>	<u>\$ 316,339</u>	<u>\$ 127,811</u>	<u>\$ 2,878,159</u>

See Notes to Consolidated Financial Statements

Heart for Africa, Inc. and Consolidated Entity

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating activities		
Change in net assets before currency translation adjustment	\$ 330,158	\$ 868,177
Adjustments to reconcile change in net assets before currency translation adjustment to net cash flows from operating activities:		
Depreciation	293,407	222,043
Provision for bad debts	51,790	-
Noncash capital additions donated	-	(211,992)
Gain on sale of property and equipment	-	(530)
Changes in operating assets and liabilities:		
Accounts receivable	17,924	(66,913)
Prepaid expenses	2,119	26,954
Inventory	2,454	(20,616)
Accounts payable and accrued expenses	49,700	67,986
Net cash flows from operating activities	<u>747,552</u>	<u>885,109</u>
Investing activities		
Purchase of property and equipment	(740,135)	(700,493)
Proceeds from sale of property and equipment	-	5,622
Net cash flows from investing activities	<u>(740,135)</u>	<u>(694,871)</u>
Effect of exchange rate changes on cash and cash equivalents		
Net change in cash and cash equivalents	<u>14,286</u>	<u>11,149</u>
	21,703	201,387
Cash and cash equivalents, beginning of year	<u>840,200</u>	<u>638,813</u>
Cash and cash equivalents, end of year	<u>\$ 861,903</u>	<u>\$ 840,200</u>

See Notes to Consolidated Financial Statements

Heart for Africa, Inc. and Consolidated Entity

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

Heart for Africa, Inc. and consolidated entity (the "Organization") is the consolidated financial reporting entity for Heart for Africa, Inc. ("HFA") and HFA Swaziland (formerly known as "Dream for Africa"). HFA was incorporated in 2003 as a Georgia not-for-profit corporation and is exempt from federal income taxes on related activities under section 501(c)(3) of the Internal Revenue Code (the "Code"). Contributions to HFA are tax deductible within the limits prescribed by the Code.

HFA is a faith-based humanitarian organization working to bring hope to Africans by addressing poverty issues such as hunger, orphaned children and education. Working with partners in Africa, HFA supports and encourages self-sustainable homes for orphans and vulnerable children through long-term programs and short-term service trips that deliver quality care, shelter, food, water, clothing, health care, social work, mentoring and education. HFA specializes in bringing people from North America to work in service projects in Swaziland.

HFA has facilitated thousands of westerners traveling to Africa for its volunteer programs. Volunteers traveling to Africa see for themselves the challenges of this continent and have made a commitment to impacting the lives of those they encounter. HFA believes that while it may not be able to save every life in Africa, that one person at a time, people in North America can have a serious impact on the lives of millions on this continent.

HFA Swaziland was incorporated in 2004, in Swaziland, as a not-for-profit organization and holds tax exempt status in Swaziland. Its mission is to provide seeds to communities, support to orphanages and to train communities and orphanages to grow gardens to alleviate hunger and malnutrition, especially the HIV/AIDS victims. HFA Swaziland is a partner of HFA and HFA financially supports HFA Swaziland as it furthers HFA's vision in Africa.

During 2009, HFA Swaziland made a large purchase of land in Swaziland. This purchase has increased HFA Swaziland's presence and activity in Swaziland. This land is used to carry out a multi-faceted initiative that includes large-scale farming, a children's home and preschool, poultry houses and a dairy farm. The agribusiness development will address food shortage, generate employment, stimulate the local economy, allow for export and provide a sustainable business model to support other orphanages and projects of HFA Swaziland.

Basis of accounting:

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

Principles of consolidation:

The consolidated financial statements include the accounts of Heart for Africa, Inc. and HFA Swaziland. All significant inter-entity balances and transactions have been eliminated.

Heart for Africa, Inc. and Consolidated Entity

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

Note 1. Nature of Organization and Significant Accounting Policies, Continued

Subsidiaries in Swaziland:

The land purchase was made through two subsidiaries, Sawubona Khaya (Proprietary) Ltd. and Tintsabeni (Proprietary) Ltd. These subsidiaries are owned 100% by HFA Swaziland and are dormant outside of holding the title to the land.

Financial statement presentation:

The Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily restricted net assets: Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Permanently restricted net assets: Represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Revenues and support are reported as increases in unrestricted net assets unless they are restricted by donor-imposed stipulations. Expenses are generally reported as decreases in unrestricted net assets.

Net assets released from restrictions:

Net assets are released from donor restrictions by being used for the Organization's operations as specified by the donors.

Revenue recognition and accounts receivable:

Receivables consist of jewelry, home and garden and farm sales which are recognized as revenue when earned, that is when related goods are shipped or directly delivered to the customer. Cost of sales are included in program services on the statement of activities and totaled \$657,677 for 2017.

The Organization does not require collateral for accounts receivable. Accounts receivable is reported net of an allowance for doubtful accounts of \$55,332 as of December 31, 2017. The allowance for doubtful accounts is maintained at a level adequate to absorb probable losses and is provided based on management's judgment including factors as prior collection history, known financial status of customer and existing economic conditions. There was no allowance for doubtful accounts recorded as of December 31, 2016. As accounts are deemed uncollectible, they are charged to the allowance for doubtful accounts, if one has been established, otherwise they are written off to bad debt expense.

Heart for Africa, Inc. and Consolidated Entity

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

Note 1. Nature of Organization and Significant Accounting Policies, Continued

Cash and cash equivalents:

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Organization maintains cash and cash equivalent accounts at various financial institutions which may exceed federally insured amounts at times and which may exceed consolidated statement of financial position amounts due to outstanding checks.

Inventory:

Inventory of African jewelry and other handmade African items are carried at the lower of cost and net realizable value. Inventory is calculated on a first in first out basis. Net realizable value is defined as the estimated selling price in the ordinary course of business, less predictable cost of completion.

Property and equipment:

Property and equipment are stated at cost less accumulated depreciation. Expenditures for equipment in excess of \$500 are capitalized at cost. Depreciation is provided over the estimated useful life of an asset ranging from 3 to 39 years using the straight-line method. When assets are sold or otherwise retired from service, the related cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the consolidated statement of activities. The cost of maintenance and repairs is charged to expense as incurred.

Contributions:

Contributions received are recognized as unrestricted, temporarily restricted or permanently restricted support, depending upon the existence or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Temporarily restricted contributions are subject to donor approved assessments of 7% to 12%, which are used for management and general expenses. Assessments are classified as unrestricted contributions at the time the contributions are received. Assessments totaled \$165,831 and \$180,781 for the years ended December 31, 2017 and 2016, respectively.

Of the total contributions to the Organization, \$216,074 and \$100,484 were contributions made by members of the Board of Directors in 2017 and 2016, respectively.

Functional allocation of expenses:

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited based on management's estimates.

Heart for Africa, Inc. and Consolidated Entity

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

Note 1. Nature of Organization and Significant Accounting Policies, Continued

Special events revenue:

The Organization held the following special events during the years ended December 31, 2017 and 2016, to inform supporters about current operations and increase donor exposure:

	<u>2017</u>	
	<u>Revenue</u>	<u>Direct costs</u>
Golf Tournament	\$ 35,095	\$ 7,330
Fundraising Dinner	9,725	9,678
Summit for HOPE	<u>51,020</u>	<u>-</u>
	<u>\$ 95,840</u>	<u>\$ 17,008</u>

	<u>2016</u>	
	<u>Revenue</u>	<u>Direct costs</u>
Golf Tournament	\$ 26,950	\$ 6,896
Summit for HOPE	<u>31,657</u>	<u>4,634</u>
	<u>\$ 58,607</u>	<u>\$ 11,530</u>

Noncash donations:

Contributed services, materials and equipment are reflected as contributions at their estimated fair values at the date of receipt. Donated volunteer services requiring specific expertise are recognized as contributions at their estimated fair values at the date of donation in the period the services are provided. In addition, a large number of volunteers have donated significant amounts of time to assist with various programs, special events and committee assignments, which do not meet the criteria for recognition and, therefore, are not reflected in the consolidated financial statements.

From time to time HFA will receive noncash donations of goods, supplies and food to be loaded on containers and forwarded to HFA Swaziland. For these containers of noncash donations, HFA acts as the agent as HFA Swaziland is the principal recipient. Such noncash donations are only recognized as revenue by HFA Swaziland.

Donated equipment meeting capitalization criteria is recognized as unrestricted support in the absence of donor stipulations as to how long lived assets must be used.

Heart for Africa, Inc. and Consolidated Entity

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

Note 1. Nature of Organization and Significant Accounting Policies, Continued

Recent accounting pronouncements:

In May 2014, the Financial Accounting Standards Board (“FASB”) issued guidance to change the recognition of revenue from contracts with customers. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. This guidance also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The guidance will be effective for the Organization for annual periods beginning after December 15, 2018. The Organization is currently evaluating the effect that implementation of this accounting pronouncement will have on its consolidated financial statements.

In August 2016, the FASB issued guidance to make targeted improvements to the not-for-profit financial reporting model, including changes in how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The amendments will be effective for the Organization for fiscal years beginning after December 15, 2017. The Organization is currently evaluating the effect that implementation of the new standard will have on its consolidated financial statements.

Foreign currency translation:

The functional currency for the Organization's foreign operations is the applicable local currency. The translation from the applicable foreign currencies to U.S. dollars is performed for consolidated statement of financial position accounts using current exchange rates in effect at the consolidated statement of financial position date, historical rates for net assets and the weighted average exchange rate during the period for revenue and expense accounts. Foreign currency translation adjustments resulting from such translations are reflected in the consolidated statements of activities.

Income taxes:

HFA and HFA Swaziland are exempt from federal and state income taxes.

Estimates and uncertainties:

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:

Certain amounts in the prior year financial statements have been reclassified in order to conform to the current year presentation.

Heart for Africa, Inc. and Consolidated Entity

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

Note 1. Nature of Organization and Significant Accounting Policies, Continued

Subsequent events:

The Organization has evaluated subsequent events for potential recognition and disclosure through July 24, 2018, the date the consolidated financial statements were available to be issued.

Note 2. Property and Equipment

Property and equipment consist of the following major classifications as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,247,006	\$ 1,128,926
Building	3,185,775	2,615,736
Farm machinery	453,082	384,161
Software	2,590	2,345
Motor vehicles	470,596	369,614
Computer equipment	13,567	10,188
Furniture and equipment	662,795	593,363
Fire bowser	4,938	4,470
Biological assets	59,330	53,712
Satellite equipment	1,626	1,472
Construction in progress	<u>376,690</u>	<u>49,989</u>
	6,477,995	5,213,976
Accumulated depreciation	<u>(1,152,839)</u>	<u>(822,351)</u>
	<u>\$ 5,325,156</u>	<u>\$ 4,391,625</u>

Note 3. Noncash Donations

The Organization receives noncash donations from various sources. Noncash donations meeting the criteria for recognition are as follows:

	<u>2017</u>	<u>2016</u>
Capital additions	\$ 1,380	\$ 211,992
Program supplies	192,180	120,706
Stock	<u>11,529</u>	<u>7,090</u>
	<u>\$ 203,709</u>	<u>\$ 339,788</u>

Heart for Africa, Inc. and Consolidated Entity

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Available for program related services for:		
Project Canaan	\$ 516,953	\$ 496,494
Long-term and short-term volunteers	65,236	38,275
Mission trips	<u>32,658</u>	<u>2,215</u>
	<u>\$ 614,847</u>	<u>\$ 536,984</u>

During 2017 and 2016, net assets released from temporary restrictions by incurring expenses to satisfy the restricted purposes consisted of the following:

	<u>2017</u>	<u>2016</u>
Project Canaan	\$ 1,041,224	\$ 863,840
Long-term and short-term volunteers	226,607	162,461
Mission trips	<u>176,529</u>	<u>297,109</u>
	<u>\$ 1,444,360</u>	<u>\$ 1,323,410</u>

Note 5. Cumulative Foreign Currency Translation Adjustment

Cumulative foreign currency translation adjustments included in unrestricted net assets for the Organization are as follows:

Balance, December 31, 2015	\$ (840,579)
2016 currency translation adjustment	<u>477,452</u>
Balance, December 31, 2016	(363,127)
2017 currency translation adjustment	<u>503,608</u>
Balance, December 31, 2017	<u>\$ 140,481</u>

Heart for Africa, Inc. and Consolidated Entity

Consolidating Statement of Financial Position

As of December 31, 2017

	<u>HFA</u>	<u>HFA Swaziland</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 830,588	\$ 31,315	\$ -	\$ 861,903
Accounts receivable, net	23,904	3,931	-	27,835
Prepaid expenses	5,533	-	-	5,533
Inventory	-	88,151	-	88,151
Total current assets	<u>860,025</u>	<u>123,397</u>	<u>-</u>	<u>983,422</u>
Property and equipment, net	<u>39,220</u>	<u>5,285,936</u>	<u>-</u>	<u>5,325,156</u>
Total assets	<u>\$ 899,245</u>	<u>\$ 5,409,333</u>	<u>\$ -</u>	<u>\$ 6,308,578</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	<u>\$ 168,241</u>	<u>\$ 77,250</u>	<u>\$ -</u>	<u>\$ 245,491</u>
Net assets				
Unrestricted	116,157	5,332,083	-	5,448,240
Temporarily restricted	614,847	-	-	614,847
Total net assets	<u>731,004</u>	<u>5,332,083</u>	<u>-</u>	<u>6,063,087</u>
Total liabilities and net assets	<u>\$ 899,245</u>	<u>\$ 5,409,333</u>	<u>\$ -</u>	<u>\$ 6,308,578</u>

Heart for Africa, Inc. and Consolidated Entity

Consolidating Statement of Activities

For the year ended December 31, 2017

	HFA			HFA Swaziland			Eliminations	Total
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total		
Revenue and support								
Contributions	\$ 724,085	\$ 1,522,223	\$ 2,246,308	\$ 1,582,358	\$ -	\$ 1,582,358	\$ (1,213,247)	\$ 2,615,419
Noncash donations	11,529	-	11,529	192,180	-	192,180	-	203,709
Special events revenue, less direct costs of \$17,008	78,832	-	78,832	-	-	-	-	78,832
Jewelry and farm sales	306,779	-	306,779	526,901	-	526,901	-	833,680
Other income	3,203	-	3,203	128,754	-	128,754	-	131,957
	<u>1,124,428</u>	<u>1,522,223</u>	<u>2,646,651</u>	<u>2,430,193</u>	<u>-</u>	<u>2,430,193</u>	<u>(1,213,247)</u>	<u>3,863,597</u>
Net assets released from restrictions	1,444,360	(1,444,360)	-	-	-	-	-	-
Total revenue and support	<u>2,568,788</u>	<u>77,863</u>	<u>2,646,651</u>	<u>2,430,193</u>	<u>-</u>	<u>2,430,193</u>	<u>(1,213,247)</u>	<u>3,863,597</u>
Expenses								
Program services	2,217,334	-	2,217,334	1,966,694	-	1,966,694	(1,222,062)	2,961,966
Supporting services:								
Management and general	256,187	-	256,187	148,927	-	148,927	8,815	413,929
Fundraising	157,544	-	157,544	-	-	-	-	157,544
Total supporting services	413,731	-	413,731	148,927	-	148,927	8,815	571,473
Total expenses	<u>2,631,065</u>	<u>-</u>	<u>2,631,065</u>	<u>2,115,621</u>	<u>-</u>	<u>2,115,621</u>	<u>(1,213,247)</u>	<u>3,533,439</u>
Change in net assets before currency translation adjustment	(62,277)	77,863	15,586	314,572	-	314,572	-	330,158
Currency translation adjustment	-	-	-	503,608	-	503,608	-	503,608
Change in net assets	(62,277)	77,863	15,586	818,180	-	818,180	-	833,766
Net assets, beginning of year	178,434	536,984	715,418	4,513,903	-	4,513,903	-	5,229,321
Net assets, end of year	<u>\$ 116,157</u>	<u>\$ 614,847</u>	<u>\$ 731,004</u>	<u>\$ 5,332,083</u>	<u>\$ -</u>	<u>\$ 5,332,083</u>	<u>\$ -</u>	<u>\$ 6,063,087</u>