

**LUBUTO LIBRARY PROJECT, INC.
T/A LUBUTO LIBRARY PARTNERS**

Financial Statements

December 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lubuto Library Project, Inc.
T/A Lubuto Library Partners
Washington, DC

We have audited the accompanying financial statements of Lubuto Library Project, Inc. T/A Lubuto Library Partners (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities 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.

Auditors' 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 from 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.



INDEPENDENT AUDITORS' REPORT (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lubuto Library Project, Inc. T/A Lubuto Library Partners as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Hildebrand, Limparis & Associates, CPAs, PC

October 28, 2015

**LUBUTO LIBRARY PROJECT, INC.
T/A LUBUTO LIBRARY PARTNERS**

Statement of Financial Position

See Accompanying Notes to Financial Statements

December 31, 2014

ASSETS

Current Assets:

Cash	\$ 408,391
Grants receivable	320,316
Books and equipment held for distribution	8,148
Prepaid expenses	3,664
Total current assets	<u>740,519</u>

Property and Equipment:

Computer equipment	15,105
Vehicles	14,944
Fixtures	3,084
	<u>33,133</u>
Less accumulated depreciation	12,842
Total property and equipment	<u>20,291</u>

Other Assets:

Security deposit	626
Total other assets	<u>626</u>

Total Assets \$ 761,436

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 3,580
Total current liabilities	<u>3,580</u>

Net Assets:

Unrestricted	220,835
Temporarily restricted	537,021
Total net assets	<u>757,856</u>

Total Liabilities and Net Assets \$ 761,436

**LUBUTO LIBRARY PROJECT, INC.
T/A LUBUTO LIBRARY PARTNERS**

Statement of Activities

See Accompanying Notes to Financial Statements

For the year ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues:			
Corporate/organization contributions	\$ 3,159	\$ 502,239	\$ 505,398
Donated goods and services	120,352	199	120,551
Individual contributions	46,952	-	46,952
Foundation grants	25,560	-	25,560
Merchandise sales	454	-	454
Other income	2,792	-	2,792
Net loss on currency translation	(27,451)	-	(27,451)
Total support and revenues	<u>171,818</u>	<u>502,438</u>	<u>674,256</u>
Net assets released from restrictions	<u>543,852</u>	<u>(543,852)</u>	<u>-</u>
Total support and revenues	<u>715,670</u>	<u>(41,414)</u>	<u>674,256</u>
Expenses:			
Program services	619,784	-	619,784
Supporting services:			
Management and general	42,886	-	42,886
Fundraising	11,785	-	11,785
Total expenses	<u>674,455</u>	<u>-</u>	<u>674,455</u>
Change in net assets	41,215	(41,414)	(199)
Net assets, beginning of year, as previously reported	188,203	578,435	766,638
Prior period adjustment	(8,583)	-	(8,583)
Net assets, end of year	<u>\$ 220,835</u>	<u>\$ 537,021</u>	<u>\$ 757,856</u>

**LUBUTO LIBRARY PROJECT, INC.
T/A LUBUTO LIBRARY PARTNERS**

Statement of Cash Flows

See Accompanying Notes to Financial Statements

For the year ended December 31, 2014

Cash flows from operating activities:

Decrease in net assets	\$	(199)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		3,360
Change in currency translation on non-operating assets of foreign office		(1,202)
(Increase) decrease in operating assets:		
Books and equipment held for distribution		711
Grants receivable		33,543
Prepaid expenses		676
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses		(5,003)
Net cash provided by operating activities		<u>31,886</u>

Cash flows from investing activities:

Purchase of equipment		<u>(13,783)</u>
Net cash used in investing activities		<u>(13,783)</u>
Net increase in cash		18,103
Cash, beginning of year		<u>390,288</u>
Cash, end of year	\$	<u>408,391</u>

**LUBUTO LIBRARY PROJECT, INC.
T/A LUBUTO LIBRARY PARTNERS**

Notes to Financial Statements

For the year ended December 31, 2014

1. Organization and Operation

Lubuto Library Project, Inc. T/A Lubuto Library Partners (the “Partners”) is a 501(c)(3) charitable organization, incorporated in the District of Columbia on January 25, 2005 under the name of Lubuto Library Project, Inc. A branch in the Republic of Zambia was established on September 21, 2005 in cooperation with local Zambian government.

The Partners’ mission is to improve the lives and future prospects of AIDS orphans and other vulnerable children (OVC) in Africa by providing libraries and educating U.S. school children about the impact AIDS has on their African peers. The mission is initiated through constructing new library buildings and model library services owned and run by their host organizations, distributing book donations to African libraries, and educating African children of the effect of HIV/AIDS.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Estimates

The preparation of financial statements in conformity with 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.

Cash and Cash Equivalents

The Partners considers all short-term highly liquid investments with a maturity date of three months or less to be cash equivalents.

Allowance for Uncollectible Receivables

The Partners uses the allowance method for uncollectible grants and other receivables. No allowance was deemed necessary.

Property and Equipment

Property and equipment having a unit cost of \$500 or more and an estimated useful life of more than three years is capitalized at cost if purchased and at estimated fair value if donated. Depreciation is computed using the straight-line method over estimated lives of three to five years. Depreciation expense totaled \$3,360 for the year.

**LUBUTO LIBRARY PROJECT, INC.
T/A LUBUTO LIBRARY PARTNERS**

Notes to Financial Statements

For the year ended December 31, 2014

2. Summary of Significant Accounting Policies (continued)

Support

Grants and other contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. All contributions are considered to be available for the general programs of the organization unless specifically restricted by the donor. Grants and other contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions.

Donated Goods and Services

Donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated books and equipment are recorded at the estimated fair market value.

Net Assets

Net assets and changes therein are classified and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Partners and/or the passage of time. When a 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.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations that they be maintained permanently by Partners. There currently are no permanently restricted net assets.

Cost Allocation of Functional Expenses

The costs of program and supporting services have been reported on a functional basis. This requires the allocation of Executive Director salary among the various programs and supporting services based on estimates made by management.

**LUBUTO LIBRARY PROJECT, INC.
T/A LUBUTO LIBRARY PARTNERS**

Notes to Financial Statements

For the year ended December 31, 2014

3. Foreign Operations

The activities and financial position of foreign operations that have a functional currency Zambian kwacha different from the presentation currency US Dollar are combined in the financial statements and translated into US dollar as follows:

Assets and liabilities on the statement of financial position are translated at the closing rate prevailing on the last day of the year.

Income and expenses on the statement of activities are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

Resulting exchange differences are taken to the foreign currency translation reserve within net assets.

Foreign currency rates from Bank of Zambia were used for translation. Exchange rate gains or losses are included in the statement of activities. Currency translation adjustments totaled a net loss of \$569 for the year, and the accumulated currency translation adjustments resulted in a net increase to net assets of \$599 at December 31, 2014. Cash in foreign currency totaled \$66,315 in U.S. dollar equivalent at December 31, 2014.

4. Grants Receivable

Grants receivable consists of amounts awarded and collectible in 2015.

5. Donated Goods and Services

Donated goods and services include the following:

Executive Director services	\$ 47,575
Professional fees	38,510
Communication fees	26,370
Accounting and legal fees	5,908
Computers and gifts	1,148
Rent	800
Freight and shipping	240
Total	<u>\$ 120,551</u>

**LUBUTO LIBRARY PROJECT, INC.
T/A LUBUTO LIBRARY PARTNERS**

Notes to Financial Statements

For the year ended December 31, 2014

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

OSISA/Comic Relief Grant (program expenses)	\$ 417,649
Grant (new library)	100,000
Books and equipment held for distribution	8,148
Dow Jones Foundation (library supplies, training and other)	7,449
World Vision (All Children Reading)	3,775
	<u>\$ 537,021</u>

7. Income Taxes

Lubuto Library Project, Inc. T/A Lubuto Library Partners is exempt from federal income tax under code section 501(c)(3) of the Internal Revenue Code, and has been classified as other than a private foundation.

For the year ended December 31, 2014, and the open tax years 2013, 2012, and 2011, there is no unknown unrecognized income tax provision.

8. Concentrations

Major Contributor - The Partners received \$502,239 of contributions from one organization. Grants receivable includes \$251,155 from the same organization.

Financial Instruments - The Partners maintains deposits in a bank that at times exceed the amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The excess amount was approximately \$92,000 at December 31, 2014.

9. Prior Period Adjustment

Unrestricted net assets at December 31, 2014 has been restated for a prior year expense not reported as of the date. The effect of the adjustment was to decrease unrestricted net assets as of December 31, 2014 by \$8,583 and to decrease previously reported change in net assets for year ended December 31, 2014 by the same amount.

10. Evaluation of Subsequent Events

In preparing these financial statements, the Partners has evaluated events and transactions for potential recognition or disclosure through October 28, 2015, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in these financial statements.

SUPPLEMENTARY INFORMATION

**LUBUTO LIBRARY PROJECT, INC.
T/A LUBUTO LIBRARY PARTNERS**

Schedule of Functional Expenses

See Independent Auditors' Report

For the year ended December 31, 2014

	Program	Management and General	Fund Raising	Total
Professional services	\$ 264,448	\$ -	\$ -	\$ 264,448
Salaries & wages	184,934	5,346	-	190,280
Pro bono salary	34,323	10,600	2,650	47,573
Conference	43,697	-	-	43,697
Training and program	16,492	7,494	-	23,986
Supplies and equipment	20,855	-	-	20,855
Travel and transportation	15,621	-	-	15,621
Office expenses	-	6,502	8,125	14,627
Occupancy	13,498	800	-	14,298
Communications	14,293	-	-	14,293
Accounting	4,439	2,959	-	7,398
Payroll taxes	-	5,287	-	5,287
Publication and printing	3,869	-	-	3,869
Depreciation	-	3,360	-	3,360
Program development	1,870	-	-	1,870
Bank fees	456	284	1,010	1,750
Shipping and postage	989	5	-	994
Dues and licenses	-	249	-	249
Total expenses	<u>\$ 619,784</u>	<u>\$ 42,886</u>	<u>\$ 11,785</u>	<u>\$ 674,455</u>