

**Agahozo-Shalom Youth Village, Inc.  
and Subsidiary**

**Consolidated Financial Statements  
and Independent Auditor's Report  
(With Supplementary Information)**

**December 31, 2014 and 2013**

# Agahozo-Shalom Youth Village, Inc. and Subsidiary

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## Independent Auditor's Report

To the Board of Directors  
Agahozo-Shalom Youth Village, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Agahozo-Shalom Youth Village, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated 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 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 Agahozo-Shalom Youth Village, Inc. and Subsidiary as of December 31, 2014 and 2013, 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.

## *Other Matter*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included in the accompanying statements on pages 18 and 19 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 audits 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.

The image shows a handwritten signature in cursive script that reads "CohnReznick LLP". The signature is written in black ink and is positioned above the typed name and date.

New York, New York  
November 10, 2015

**Agahozo-Shalom Youth Village, Inc. and Subsidiary**

**Consolidated Statements of Financial Position  
December 31, 2014 and 2013**

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 1,551,337	\$ 695,821
Cash restricted for program investments	-	1,000,000
Investments	727,213	-
Assets held in trust	252,229	-
Contributions receivable, net	558,991	764,125
Contracts receivable	91,674	-
Prepaid expenses and other	207,123	59,329
Property and equipment - net of accumulated depreciation of \$1,211,003 and \$879,234	<u>10,073,959</u>	<u>10,344,096</u>
Total assets	<u><u>\$ 13,462,526</u></u>	<u><u>\$ 12,863,371</u></u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 28,083	\$ 43,846
Deferred revenue	100,000	-
Notes payable	-	1,500,000
Refundable advance	<u>252,229</u>	<u>-</u>
Total liabilities	<u><u>380,312</u></u>	<u><u>1,543,846</u></u>
Commitments and contingencies		
Net assets:		
Unrestricted	11,455,235	10,530,400
Temporarily restricted	926,979	789,125
Permanently restricted	<u>700,000</u>	<u>-</u>
Total net assets	<u><u>13,082,214</u></u>	<u><u>11,319,525</u></u>
Total liabilities and net assets	<u><u>\$ 13,462,526</u></u>	<u><u>\$ 12,863,371</u></u>

See Notes to Financial Statements.

**Agahozo-Shalom Youth Village, Inc. and Subsidiary**

**Consolidated Statements of Activities  
Years Ended December 31, 2014 and 2013**

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support:								
Contributions and grants	\$ 1,717,184	\$ 99,866	\$ 700,000	\$ 2,517,050	\$ 1,528,680	\$ 833,310	\$ -	\$ 2,361,990
In-kind contributions	320,635	-	-	320,635	426,624	-	-	426,624
Revenue from special events (net of direct benefit to donors of \$199,909 and \$48,000)	1,880,597	434,871	-	2,315,468	464,498	-	-	464,498
Farm income	-	-	-	-	40,224	-	-	40,224
Investment income	183	20,901	-	21,084	-	-	-	-
Rental income	100,000	-	-	100,000	-	-	-	-
Fee revenue	381,473	-	-	381,473	114,525	-	-	114,525
Other revenue	40,896	-	-	40,896	19,567	-	-	19,567
Net assets released from restrictions	417,784	(417,784)	-	-	442,000	(442,000)	-	-
Total revenue, gains and other support	<u>4,858,752</u>	<u>137,854</u>	<u>700,000</u>	<u>5,696,606</u>	<u>3,036,118</u>	<u>391,310</u>	<u>-</u>	<u>3,427,428</u>
Expenses:								
Program services	2,903,886	-	-	2,903,886	2,920,346	-	-	2,920,346
Management and general	267,607	-	-	267,607	260,450	-	-	260,450
Fund-raising	762,424	-	-	762,424	535,129	-	-	535,129
Total expenses	<u>3,933,917</u>	<u>-</u>	<u>-</u>	<u>3,933,917</u>	<u>3,715,925</u>	<u>-</u>	<u>-</u>	<u>3,715,925</u>
Change in net assets	924,835	137,854	700,000	1,762,689	(679,807)	391,310	-	(288,497)
Net assets, beginning of year	<u>10,530,400</u>	<u>789,125</u>	<u>-</u>	<u>11,319,525</u>	<u>11,210,207</u>	<u>397,815</u>	<u>-</u>	<u>11,608,022</u>
Net assets, end of year	<u>\$ 11,455,235</u>	<u>\$ 926,979</u>	<u>\$ 700,000</u>	<u>\$ 13,082,214</u>	<u>\$ 10,530,400</u>	<u>\$ 789,125</u>	<u>\$ -</u>	<u>\$ 11,319,525</u>

See Notes to Financial Statements.

**Agahozo-Shalom Youth Village, Inc. and Subsidiary**

**Consolidated Statements of Functional Expenses  
Years Ended December 31, 2014 and 2013**

	2014				2013			
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total
Salaries	\$ 1,304,653	\$ 130,825	\$ 191,426	\$ 1,626,904	\$ 1,218,001	\$ 78,181	\$ 121,300	\$ 1,417,482
Fringe benefits and payroll taxes	58,453	15,047	37,354	110,854	41,652	23,529	37,019	102,200
Professional fees	271,874	74,449	60,400	406,723	397,411	84,272	153,317	635,000
Equipment expense and maintenance	36,792	-	826	37,618	38,954	-	-	38,954
Meetings and travel	111,839	999	806	113,644	89,434	3,345	6,642	99,421
Occupancy and utilities	70,786	12,000	30,000	112,786	86,498	13,200	24,700	124,398
Medical expenses	52,576	295	-	52,871	66,171	-	-	66,171
Food and supplies	348,491	2,970	47,186	398,647	414,189	2,729	31,540	448,458
Special events	63,726	-	386,177	449,903	11,055	-	136,571	147,626
Insurance	69,607	9,400	-	79,007	40,306	7,804	-	48,110
Volunteers and group visits	77,208	-	-	77,208	61,010	-	-	61,010
Communications and website	45,343	1,217	-	46,560	48,039	455	-	48,494
Interest expense	109	18,900	-	19,009	-	25,347	-	25,347
Miscellaneous	60,660	1,505	8,249	70,414	68,456	21,588	24,040	114,084
Depreciation	331,769	-	-	331,769	339,170	-	-	339,170
<b>Totals</b>	<b>\$ 2,903,886</b>	<b>\$ 267,607</b>	<b>\$ 762,424</b>	<b>\$ 3,933,917</b>	<b>\$ 2,920,346</b>	<b>\$ 260,450</b>	<b>\$ 535,129</b>	<b>\$ 3,715,925</b>

See Notes to Financial Statements.

**Agahozo-Shalom Youth Village, Inc. and Subsidiary**

**Consolidated Statements of Cash Flows  
Years Ended December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operating activities:		
Change in net assets	\$ 1,762,689	\$ (288,497)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net gain on investments	(21,084)	-
Contributions restricted for endowments	(700,000)	-
Depreciation	331,769	339,170
Gain on forgiveness of notes payable	(500,000)	-
Changes in operating assets and liabilities:		
Contributions receivable	205,134	(448,310)
Contracts receivable	(91,674)	-
Prepaid expenses	(147,794)	(14,478)
Accounts payable and accrued expenses	(15,763)	(28,573)
Deferred revenue	100,000	-
Net cash provided by (used in) operating activities	<u>923,277</u>	<u>(440,688)</u>
Investing activities:		
Purchase of property and equipment	(61,632)	(124,551)
Purchase of investments	(706,129)	-
Net cash used in investing activities	<u>(767,761)</u>	<u>(124,551)</u>
Financing activities:		
Contributions restricted for endowment	<u>700,000</u>	<u>-</u>
Net increase (decrease) in cash	855,516	(565,239)
Cash, beginning of the year	<u>695,821</u>	<u>1,261,060</u>
Cash, end of the year	<u>\$ 1,551,337</u>	<u>\$ 695,821</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	<u>\$ 18,900</u>	<u>\$ 25,347</u>
Cash restricted for program investments	<u>\$ -</u>	<u>\$ 1,000,000</u>
Refundable advance held in trust	<u>\$ 250,000</u>	<u>\$ -</u>

See Notes to Financial Statements.



## **Agahozo-Shalom Youth Village, Inc. and Subsidiary**

### **Notes to Consolidated Financial Statements December 31, 2014 and 2013**

#### **Note 1 - Organization**

Agahozo-Shalom Youth Village, Inc. ("ASYV") was incorporated in the State of Delaware on August 12, 2010 and is registered to conduct business in the State of New York. ASYV commenced operations on March 1, 2011 when, pursuant to an Assignment and Assumption of Liability Agreement (the "Agreement"), the American Jewish Joint Distribution Committee (the "JDC") assigned to ASYV its rights, title and interests to the assets, subject to all related liabilities, contracts and agreements of a JDC "Special Project" established for the use and benefit of Agahozo-Shalom Youth Village (the "Village"), located in Rwanda, Africa. Pursuant to the Agreement, ASYV assumed a contract with the Government of the Republic of Rwanda which authorizes ASYV to maintain and operate the Village in Rwanda.

ASYV is a comprehensive home, community and high school for approximately 500 orphans in Rwanda's Eastern Province. Each year, four or five orphans (generally aged 15-17) from each of Rwanda's 30 districts are identified for a class of approximately 125. These orphans are provided the loving support of a family environment with structured education, after school enrichment programs, medical care, housing, professional skills development and comprehensive support services.

See Far Enterprises, Ltd. ("See Far"), a wholly-owned subsidiary of ASYV (collectively, the "Organization"), was incorporated in Rwanda on May 15, 2014, as a for-profit company to provide training and employment opportunities for ASYV graduates and operate as an outsourcing services company.

#### **Note 2 - Summary of significant accounting policies**

##### **Basis of presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization 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 will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The purposes for which the income and net capital appreciation arising from the underlying assets may be used depend on the wishes of those donors. Earnings are classified as temporarily restricted in the accompanying consolidated statements of activities, pending appropriation by the Board of Directors.

## **Agahozo-Shalom Youth Village, Inc. and Subsidiary**

### **Notes to Consolidated Financial Statements December 31, 2014 and 2013**

#### **Basis of consolidation**

The consolidated financial statements include the accounts of ASYV and See Far collectively, the Organization. All intercompany transactions and accounts have been eliminated in consolidation.

#### **Use of estimates**

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

#### **Cash**

Cash in the accompanying consolidated financial statements includes amounts in checking and interest-bearing accounts with no specified maturity dates.

#### **Cash restricted for program investments**

Cash held for long-term program investments pursuant to a promissory note issued by the Organization (see Note 8).

#### **Investments**

Investments are carried at fair value based upon quoted market prices. Donated securities are recorded at fair market value at the date of donation. Realized and unrealized gains and losses are included in the accompanying consolidated statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

#### **Property and equipment**

Property and equipment are stated at cost, if purchased or at fair value at the date of gift, if donated. Property and equipment with costs greater than \$500 are capitalized. Repairs and maintenance are charged to expense in the period incurred while major renewals and betterments are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended December 31, 2014 and 2013 amounted to \$331,769 and \$339,170, respectively.

The Organization evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Long-lived assets would be deemed impaired if the carrying value of the asset is in excess of its fair value. There are no impairment losses recognized for long-lived assets during the years ended December 31, 2014 and 2013.

#### **Construction-in-progress**

All construction-related costs for properties where construction has commenced are capitalized as construction costs as incurred. Depreciation will commence on construction-in-progress from the date the asset is placed in service.

## **Agahozo-Shalom Youth Village, Inc. and Subsidiary**

### **Notes to Consolidated Financial Statements December 31, 2014 and 2013**

#### **Concentrations of credit risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization maintains its cash with high-credit quality financial institutions. At times, such amounts may exceed Federally insured limits. At December 31, 2014 and 2013, the Organization had cash balances in excess of Federally insured limits amounting to approximately \$1,313,700 and \$1,430,000, respectively.

Contributions receivable at December 31, 2014 and 2013, amounting to approximately \$394,000 and \$567,000, respectively, were due from one donor. This represents approximately 71% and 73% of contributions receivable at December 31, 2014 and 2013, respectively. Contributions and grants revenue on the accompanying consolidated statements of activities for the years ended December 31, 2014 and 2013 include approximately \$32,986 and \$594,000, respectively, pledged and or received from this one donor.

The Organization considers contributions receivable to be fully collectible; therefore, no allowance for doubtful accounts is required.

#### **Contributions receivable**

Contributions receivable represent unconditional pledges to contribute cash or other assets. Contributions that are expected to be collected within one year are recorded at their net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts have been computed using a rate of 3% which management believes is commensurate with the risks involved with the ultimate payment of the contribution receivable at the time the contribution was made. Discounts are amortized using an effective yield over the expected life of the contribution and are reflected as contribution revenue. Conditional pledges to give are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional.

#### **Revenue recognition**

Revenue is recognized as earned from third parties and when promises to give are received for contributions, special events (net of direct donor benefits) and fund-raising activities.

Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily 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 accompanying consolidated statements of activities as net assets released from restrictions. Restricted contributions in which the restriction is met in the same period as received are reported as unrestricted contributions.

## Agahozo-Shalom Youth Village, Inc. and Subsidiary

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

Rental income is recognized as income over the term of the lease. Advance receipts for rental income are deferred and classified as liabilities in the accompanying consolidated statements of financial position until earned.

Fee revenues are recognized in the period in which the Organization provides the service, pursuant to various contracts.

#### **In-kind contributions**

In-kind contributions are reported at their fair values on the dates the contributions are received and as both in-kind contributions revenue and expense on the accompanying consolidated statements of activities. The in-kind contributions received by the Organization for the years ended December 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Contributed professional fees	\$ 243,885	\$ 366,624
Donated office space	60,000	60,000
Donated office supplies	16,750	-
Total in-kind contributions	<u>\$ 320,635</u>	<u>\$ 426,624</u>

#### **Functional expense allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs, primarily salaries and related payroll taxes and employee benefits have been allocated among the programs and supporting services benefited based on analyses of personnel time for the related activities.

#### **Tax exempt status**

ASYV is a tax exempt organization as described in Section 501(c)(3) of the Internal Revenue Code. ASYV has no unrecognized tax benefits at December 31, 2014 and 2013. ASYV's Federal and state income tax returns from 2011 to current are open and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, as applicable. If necessary, ASYV would recognize interest and penalties associated with tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the accompanying consolidated statements of financial position. The operations of See Far have no material income tax liability exposure.

#### **Translation from Rwanda Francs into U.S. Dollars**

Any assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange at the end of the reporting period, with the exception of property and equipment, which are translated at the exchange rate prevailing on the acquisition date of the particular item. Transactions during the year, including purchases and sales and income and expenses, are translated at the rate of exchange prevailing on the dates of the transactions. Currency translations resulted in exchange losses of \$34,370 and \$23,663 for

## Agahozo-Shalom Youth Village, Inc. and Subsidiary

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

the years ended December 31, 2014 and 2013, respectively and are reflected as reductions in other revenue on the consolidated statements of activities.

#### Note 3 - Contributions receivable, net

Contributions receivable, net consist of the following:

	<u>2014</u>	<u>2013</u>
Due within one year	\$ 255,000	\$ 240,000
Two to five year	315,000	550,000
Totals	<u>570,000</u>	<u>790,000</u>
Less discounts to net present value	<u>11,009</u>	<u>25,875</u>
Net contributions receivable	<u>\$ 558,991</u>	<u>\$ 764,125</u>

#### Note 4 - Prepaid expenses and other

Prepaid expenses and other are primarily comprised of items paid for in one fiscal year that will be recognized as expenses in a future fiscal year. Certain insurance, special event and advances of fixed asset costs are included in this account.

#### Note 5 - Investments

The Organization values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy was established that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. There have been no changes in methodology used for the year ended December 31, 2014.

## Agahozo-Shalom Youth Village, Inc. and Subsidiary

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

Investments consist of cash and a fixed income mutual fund of \$64,933 and a domestic balanced mutual fund which amounted to \$662,280 at December 31, 2014. The Organization's investment holdings are valued at quoted market prices which represent the net asset value of shares held by the Organization at year-end. These investments are carried at a fair value amount of \$727,213 at December 31, 2014 and are classified as Level 1 as described above.

The Organization recognizes transfers between levels in the fair value hierarchy at the end of each year. There were no such transfers during the year ended December 31, 2014.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment income (loss) is summarized as follows:

	<u>2014</u>
Interest and dividends	\$ 4,630
Net unrealized loss	(22,914)
Net unrealized gain	<u>39,368</u>
Total investment income	<u>\$ 21,084</u>

#### **Note 6 - Assets held in trust**

During 2014, the Organization entered into a five year term agreement with an independent third party, expiring August 2019. Pursuant to the terms of the agreement, the Organization received \$250,000 and is entitled to the income earned on those funds, which may be spent on the current basis for support of the Organization's programs.

Also pursuant to the agreement, the Organization transferred the funds to the FJC (an unrelated foundation of philanthropic funds), for a term of one year which is renewable at the discretion of FJC. The Organization specified itself as the beneficiary of the funds. Upon written request from designated Organization officials, distributions from the funds are paid to the Organization according to the FJC's distribution policy. The FJC maintains variance power over these assets. Variance power assures donors that if the charitable purpose of their contribution becomes impractical, impossible, or inconsistent with the charitable needs of the community served the distributions will be directed to similar purposes in the community. Despite the variance power, the Organization believes that the FJC will continue to make distributions to the Organization. Changes in the fair value of the Organization's beneficial interest in assets held by others are as follows:

**Agahozo-Shalom Youth Village, Inc. and Subsidiary**

**Notes to Consolidated Financial Statements  
December 31, 2014 and 2013**

Balance at December 31, 2013	\$ -
Assets transferred to FJC	250,000
Net investment performance	<u>2,229</u>
 Balance at December 31, 2014	 <u><u>\$ 252,229</u></u>

The Organization believes fair value of the future cash flows to be received from its beneficial interest in assets held by the FJC approximates the fair value of the underlying assets held. The assets held at the FJC are entirely comprised of pooled investment funds held and managed by the FJC. Fair value is based on the net asset value per share as determined by the FJC and provided to the Organization. The fund consists primarily of various money market, mutual funds and index funds. Based on the valuation method and liquidity of the assets, the measures of the fair value of the beneficial interest are categorized as Level 2.

**Note 7 - Property and equipment, net**

Property and equipment, net consists of the following at December 31, 2014 and 2013:

	Estimated Useful Lives	<u>2014</u>	<u>2013</u>
Land		\$ 219,677	\$ 219,677
Bulding	40 years	10,254,970	10,254,970
Additions and improvements	40 years	510,205	510,205
Furnture and equipment	3-5 years	260,307	238,478
Construction in Progress		<u>39,803</u>	<u>-</u>
Totals		11,284,962	11,223,330
Less accumulated depreciation		<u>(1,211,003)</u>	<u>(879,234)</u>
 Totals		 <u><u>\$ 10,073,959</u></u>	 <u><u>\$ 10,344,096</u></u>

**Note 8 - Notes payable**

Pursuant to the Agreement, the Organization assumed a note payable of \$1,500,000 to the JDC with a maturity date of December 31, 2014. The note bears interest at 5%. During October 2014, the balance payable of \$500,000 was forgiven and re-categorized as grant income by the Organization.

During July 2013, the Organization issued a promissory note for \$1,000,000 to fund a program related investment. The semi-annual interest payments consist of 50% of any dividends, interest and/or other earnings received in cash from the investment, including 50% of any net gains on sale of the investment or portions thereof, if any. The note is due in full on July 31, 2020.

## Agahozo-Shalom Youth Village, Inc. and Subsidiary

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

During February 2014, the Organization paid in full the \$1,000,000 promissory note, thereby terminating its obligations pursuant to the promissory note. No program investments were made in 2013 and 2014.

#### Note 9 - Temporarily restricted net assets

Temporarily restricted net assets at December 31, 2014 and 2013 are restricted by donors for the following purposes:

	<u>2014</u>	<u>2013</u>
Science center salaries	\$ -	\$ 10,000
Volunteer service program	-	25,000
ASYV staff development and education	150,000	200,000
Capital Improvements	347,087	-
Other	20,901	-
Time restricted	<u>420,000</u>	<u>580,000</u>
Totals	937,988	815,000
Less accumulated depreciation	<u>(11,009)</u>	<u>(25,875)</u>
Totals	<u>\$ 926,979</u>	<u>\$ 789,125</u>

Net assets released from donor restrictions for the years ended December 31, 2014 and 2013 amounted to \$417,784 and \$442,000, respectively, and were released by incurring expenses satisfying the program restrictions and the expiration of time restrictions specified by donors.

#### Note 10 - Endowment

The Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by applicable laws and regulations.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the Organization and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, (7) the Organization's investment policies and (8) where appropriate,



## Agahozo-Shalom Youth Village, Inc. and Subsidiary

### Notes to Consolidated Financial Statements December 31, 2014 and 2013

alternatives to spending from the donor-restricted endowment funds and the possible effects of those alternatives on the Organization.

As of December 31, 2014, investment and spending policies for endowment assets have not been approved by the Board of Directors. As such, there has not been any appropriation of donor-restricted endowment earnings in 2014.

Changes in endowment net assets for the year ended December 31, 2014 are as follows:

	Temporarily Restricted	Permanent Restricted	Total
Endowment net assets, December 31, 2013	\$ -	\$ -	\$ -
Investment income, net	20,901	-	20,901
Contributions to endowments	-	700,000	700,000
Amounts appropriate for expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, December 31, 2014	<u>\$ 20,901</u>	<u>\$ 700,000</u>	<u>\$ 720,901</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or New York Prudent Management of Institutional Funds Act requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, there are no deficiencies of this nature reported in unrestricted net assets as of December 31, 2014.

#### Note 11 - Pension plan

The Organization has a voluntary defined contribution 401(k) retirement plan covering all eligible employees. Employee contributions are determined on an individual basis, limited to the maximum amount allowable under Federal tax regulations. The Organization matches 100% of the employee's contributions not to exceed 4% of an employee's gross salary for each eligible participant who participates. Employer contributions are vested immediately and amounted to \$7,498 and \$10,344 for the years ended December 31, 2014 and 2013, respectively.

**Agahozo-Shalom Youth Village, Inc. and Subsidiary**

**Notes to Consolidated Financial Statements  
December 31, 2014 and 2013**

**Note 12 - Rental income**

The Organization entered into a land lease agreement with Gigawatt Global Rwanda, Ltd. ("GWG Rwanda") on January 17, 2014 with a term of 25 years. GWG Rwanda will pay on an annual basis, commencing January 1, 2014, \$100,000 in rent. The minimum future rentals to be received under this operating lease are as follows:

<u>Year Ending December 31,</u>	
2015	\$ 100,000
2016	100,000
2017	100,000
2018	100,000
Thereafter	<u>2,000,000</u>
Total	<u>\$ 2,400,000</u>

**Note 13 - Commitments and contingencies**

The Organization is party to various claims and lawsuits arising in the normal course of business. In the opinion of management, these actions and claims will not result in judgments or settlements which, in the aggregate, would have a material adverse effect on the Organization's financial condition, results of activities or cash flows.

**Note 14 - Subsequent events**

The Organization has evaluated subsequent events through November 10, 2015, which is the date the consolidated financial statements were available to be issued.

In addition to the land lease agreement with GWG Rwanda, Gigawatt Global Cooperatief U.A. ("GW Global") will offer training to the Organization students in the installation of rooftop solar panels and inverters and the maintenance associated with such installations. On the one year anniversary of the commercial operation date, September 18, 2014, GW Global will transfer to the Organization 25% of its non-voting common equity securities in GWG Rwanda. Dividends will also be paid from the commercial operation date until the date the equity contribution is received.

**Agahozo-Shalom Youth Village, Inc. and Subsidiary**

**Consolidating Statement of Financial Position  
December 31, 2014**

<u>Assets</u>	Agahozo-Shalom Youth Village, Inc.	See Far Enterprise	Eliminations	Consolidated Total
Cash	\$ 1,549,624	\$ 1,713	\$ -	\$ 1,551,337
Investments	727,213	-	-	727,213
Assets held in trust	252,229	-	-	252,229
Contributions receivable, net	558,991	-	-	558,991
Contracts receivable	-	91,674	-	91,674
Due from See Far	139,481	-	(139,481)	-
Prepaid expenses and other	207,123	-	-	207,123
Property and equipment - net of accumulated depreciation of \$1,211,003	10,073,959	-	-	10,073,959
<b>Total assets</b>	<b>\$ 13,508,620</b>	<b>\$ 93,387</b>	<b>\$ (139,481)</b>	<b>\$ 13,462,526</b>
 <u>Liabilities and Net Assets</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 28,083	\$ -	\$ -	\$ 28,083
Due to ASYV	-	139,481	(139,481)	-
Deferred revenue	100,000	-	-	100,000
Notes payable	-	-	-	-
Refundable advance	252,229	-	-	252,229
<b>Total liabilities</b>	<b>380,312</b>	<b>139,481</b>	<b>(139,481)</b>	<b>380,312</b>
Commitments and contingencies				
Member's equity	-	(46,094)	46,094	-
Net assets:				
Unrestricted	11,501,329	-	(46,094)	11,455,235
Temporarily restricted	926,979	-	-	926,979
Permanently restricted	700,000	-	-	700,000
<b>Total net assets</b>	<b>13,128,308</b>	<b>(46,094)</b>	<b>-</b>	<b>13,082,214</b>
<b>Total liabilities and net assets</b>	<b>\$ 13,508,620</b>	<b>\$ 93,387</b>	<b>\$ (139,481)</b>	<b>\$ 13,462,526</b>

See Independent Auditor's Report.

**Agahozo-Shalom Youth Village, Inc. and Subsidiary**

**Consolidating Statement of Activities  
Year Ended December 31, 2014**

	Agahozo-Shalom Youth Village, Inc.	See Far Enterprise	Eliminations	Total
Revenue, gains and other support:				
Contributions and grants	\$ 2,517,050	\$ -	\$ -	\$ 2,517,050
In-kind contributions	320,635	-	-	320,635
Revenue from special events (net of direct benefit to donors of \$199,909)	2,315,468	-	-	2,315,468
Farm income	-	-	-	-
Investment income	21,084	-	-	21,084
Rental income	100,000	-	-	100,000
Fee revenue	253,503	127,970	-	381,473
Other revenue	40,896	-	-	40,896
Net assets released from restrictions	-	-	-	-
Total revenue, gains and other support	<u>5,568,636</u>	<u>127,970</u>	<u>-</u>	<u>5,696,606</u>
Expenses:				
Program services	2,729,822	174,064	-	2,903,886
Management and general	267,607	-	-	267,607
Fund-raising	762,424	-	-	762,424
Total expenses	<u>3,759,853</u>	<u>174,064</u>	<u>-</u>	<u>3,933,917</u>
Change in net assets	1,808,783	(46,094)	-	1,762,689
Net assets, beginning of year	<u>11,319,525</u>	<u>-</u>	<u>-</u>	<u>11,319,525</u>
Net assets, end of year	<u>\$ 13,128,308</u>	<u>\$ (46,094)</u>	<u>\$ -</u>	<u>\$ 13,082,214</u>