

THE BOMA PROJECT, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2017

THE BOMA PROJECT, INC.

SEPTEMBER 30, 2017

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Tapia & Huckabay, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Directors
The BOMA Project, Inc.
Manchester Center, Vermont

We have audited the accompanying financial statements of The BOMA Project Inc. (a Vermont nonprofit organization) which comprise the statement of financial position as of September 30, 2017 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to 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 U.S. generally accepted accounting principles; 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 misstatements, 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 U.S. generally accepted auditing standards. 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 The BOMA Project, Inc. as of September 30, 2017 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Tapia & Suchabay, P.C.

Vergennes, Vermont
February 15, 2018
Vermont Registration #108880

THE BOMA PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017

ASSETS

Cash and cash equivalents (Notes 1 & 12)	\$ 728,333
Prepaid expenses and other current assets	20,297
Grants and contributions receivable (Notes 1 & 9)	25,000
Investments (Note 10)	473,551
Property and equipment, net of accumulated depreciation (Note 5)	<u>-</u>
TOTAL ASSETS	\$ <u><u>1,247,181</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 16,866
Accrued expenses	16,450
Refundable advance (Note 1)	<u>26,320</u>
Total Liabilities	<u>59,636</u>

Net Assets:

Unrestricted:	
Undesignated	185,944
Board designated operating reserve (Note 10)	473,551
Temporarily restricted (Note 8)	528,050
Permanently restricted	<u>-</u>
Total Net Assets	<u>1,187,545</u>

TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>1,247,181</u></u>
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See accompanying notes to financial statements.

THE BOMA PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Grants and contributions (Note 1)	\$ 729,002	\$ 1,515,823	\$ 2,244,825
Net investment income (Note 10)	23,549		23,549
Other income	3,274	-	3,274
Net assets released from restrictions:			
Satisfaction of time restrictions	393,750	(393,750)	-
Satisfaction of program restrictions	<u>1,078,403</u>	<u>(1,078,403)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,227,978</u>	<u>43,670</u>	<u>2,271,648</u>
EXPENSES AND LOSSES:			
Program services: (Note 1)			
REAP	1,349,439	-	1,349,439
Technical advisory	155,769	-	155,769
Education and Advocacy	185,621	-	185,621
Supporting services:			
Management and general	128,198	-	128,198
Fundraising	<u>239,295</u>	<u>-</u>	<u>239,295</u>
TOTAL EXPENSES	<u>2,058,322</u>	<u>-</u>	<u>2,058,322</u>
CHANGE IN NET ASSETS	169,656	43,670	213,326
NET ASSETS, beginning of the year	<u>489,839</u>	<u>484,380</u>	<u>974,219</u>
NET ASSETS, end of the year	<u>\$ 659,495</u>	<u>\$ 528,050</u>	<u>\$ 1,187,545</u>

See accompanying notes to financial statements.

THE BOMA PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Program Services</u>				<u>Supporting Services</u>		<u>TOTAL</u>
	<u>REAP</u>	<u>Technical Advisory</u>	<u>Education & Advocacy</u>	<u>Total</u>	<u>Management & General</u>	<u>Fundraising</u>	
Grants to NGO (Notes 1 & 7)	\$ 1,028,774	\$ -	\$ -	\$ 1,028,774	\$ -	\$ -	\$ 1,028,774
Salaries & wages	142,236	31,354	106,718	280,308	60,723	136,285	477,316
Benefits & taxes	23,899	2,582	18,011	44,492	9,739	23,741	77,972
Consultants & professional fees	81,612	95,162	9,060	185,834	16,097	46,718	248,649
Conferences & meetings	8,682	-	9,632	18,314	6,664	213	25,191
Fees	1,303	53	239	1,595	1,113	4,563	7,271
Grants to strategic partners	-	20,880	-	20,880	-	-	20,880
Insurance	2,995	-	988	3,983	1,315	2,112	7,410
Miscellaneous	80	-	-	80	729	-	809
Occupancy expenses (Note 6)	9,266	-	2,497	11,763	4,974	7,600	24,337
Office & technology expenses	12,899	-	6,888	19,787	6,684	12,171	38,642
Outreach & publications	748	-	19,622	20,370	-	5,159	25,529
Travel (domestic and international)	36,912	5,738	11,958	54,608	20,143	708	75,459
Depreciation	33	-	8	41	17	25	83
	<u>\$ 1,349,439</u>	<u>\$ 155,769</u>	<u>\$ 185,621</u>	<u>\$ 1,690,829</u>	<u>\$ 128,198</u>	<u>\$ 239,295</u>	<u>\$ 2,058,322</u>

See accompanying notes to financial statements.

THE BOMA PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 213,326
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	83
Unrealized gain on investments	(17,755)
(Increase) decrease in operating assets:	
Prepaid expenses and security deposit	9,231
Grants and contributions receivable	74,336
Increase (decrease) in operating liabilities:	
Accounts payable	4,993
Accrued expenses	(1,924)
Refundable advance	<u>26,320</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>308,610</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	<u>(455,796)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(455,796)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
None	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(147,186)
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>875,519</u>
End of year	<u>\$ 728,333</u>

See accompanying notes to financial statements.

THE BOMA PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History of the Organization and Nature of Activities:

Incorporated in Vermont in 2005, The BOMA Project, Inc. (“BOMA” or “the Organization”) is a nonprofit organization committed to alleviating poverty, empowering women and building resiliency in the arid lands of rural Africa (historically with an exclusive focus in northern Kenya). The Organization’s support comes primarily from grants and contributions from individuals, businesses and foundations. Through September 30, 2012, BOMA operated in Kenya directly – employing staff, renting office space, maintaining a local bank account, and directly operating its core program activities. On October 1, 2012, all of its Kenyan activities were transferred to a separate entity – “The BOMA Project – Kenya” – a duly formed and registered non-governmental organization (“NGO”). As discussed below, The BOMA Project - Kenya’s (“BOMA Kenya” or “the NGO”) operations are *not consolidated* with the Organization and all transfer of funds from BOMA to BOMA Kenya after September 30, 2012 are shown as grant expenses on the Statement of Activities.

BOMA Kenya is subject to audit requirements established by the federal government of Kenya and has been audited for the year ended December 31, 2016 (with the audit report dated June 30, 2017).

Financial Statement Presentation:

BOMA reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor-imposed restrictions. 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 statement of activities as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met in the same period are shown as increases in temporarily restricted net assets with a corresponding transfer to unrestricted net assets. The transfer of assets with donor-imposed conditions is accounted for as a refundable advance, instead of as a contribution, until the conditions have been substantially met.

Cash and cash equivalents:

BOMA has elected to treat all cash accounts, checking, savings, money market, and other cash funds purchased with an original maturity of three months or less as cash and cash equivalents for purposes of the Statement of Cash Flows.

Promises to Give and Refundable Advances:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts, if material, are computed using estimated market interest rates applicable to the years in which the promises are received. Any amortization of these discounts would be reflected in contribution revenue. Conditional promises to give are not recorded until the conditions are met. Funds received with donor conditions are recorded as refundable advances until the conditions are substantially met.

THE BOMA PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates:

The preparation of financial statements in conformity with U.S. 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.

Change in fiscal year:

BOMA has changed its fiscal year end from December 31st to September 30th effective September 30, 2016 and, since the previous financial statements (which reflect activities for only nine months) are not comparable to these financial statements, has elected to present non-comparative, single year financial statements herein.

Description of Programs:

Description of the programs included in these financial statements is as follows:

REAP:

The “Rural Entrepreneur Access Project” is a two-year poverty-graduation program that provides women with seed capital (in the form of grants), sustained business skills and savings training, and hands-on mentoring. REAP replaces aid with sustainable income and helps lift women out of extreme poverty so they can survive drought, feed their families, pay for school fees and medical care, and accumulate savings for long-term stability.

Technical Advisory

As a strategic partner and technical advisor to non-governmental organizations, BOMA leverages its expertise and conclusive evidence of impact to embed the graduation approach into humanitarian response systems in fragile states and regions. As a technical advisor to governments, BOMA supports the activities and processes that will lead to the adoption of the graduation approach into social protection systems, beginning with Kenya.

Education and Advocacy:

This program involves a variety of educational and outreach activities as well as the general program planning activities of the Organization.

NOTE 2 - INCOME TAXES

BOMA is exempt from federal income tax (on activities related to its tax-exempt purpose) as an organization described in Section 501(c)(3) of the Internal Revenue Code, and is classified as a publicly supported organization under Section 509(a)(1). Contributions to BOMA qualify for the charitable contribution deduction under Internal Revenue Code Section 170(b)(1)(A).

THE BOMA PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 4 – DONATED FACILITIES AND SERVICES (IN-KIND CONTRIBUTIONS)

No amounts have been reflected in the financial statements for donated services. BOMA generally pays for services requiring specific expertise. However, a number of individuals volunteer their time and perform a variety of tasks that assist the Organization with its program, administrative and fundraising activities.

NOTE 5- PROPERTY AND EQUIPMENT

Property and equipment consisted of \$550 in furniture, net of \$550 in accumulated depreciation, at September 30, 2017. Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation, amounting to \$83 for the year ended September 30, 2017, is recorded on a straight-line basis over an estimated useful life of five years.

NOTE 6 – OPERATING LEASE COMMITMENT

BOMA rents office space in Vermont under a non-cancelable lease entered into July 2017 and expiring in July 2019. Minimum monthly payments of \$950 are due throughout the lease term. BOMA also pays annual allocable utilities, taxes and maintenance costs of approximately \$4,000. Rent under this and a previous lease was \$12,375 for the year ended September 30, 2017.

NOTE 7 – FOREIGN OPERATIONS

As discussed above, beginning October 1, 2012, BOMA operates its Kenyan activities through a stand-alone entity – BOMA Kenya. BOMA currently provides most of BOMA Kenya's support and, therefore, the Organization has both an economic interest in and de facto control over BOMA Kenya. However, BOMA has no legal right to appoint a majority of BOMA Kenya's board members and therefore lacks legal control. In this situation (economic interest and control through something other than legal control), under generally accepted accounting principles, consolidation of the financially-related organization is permitted but not required. BOMA has elected not to consolidate BOMA Kenya into its financial statements and, as discussed above, shows the transfer of assets to BOMA Kenya as "Grants to NGO" on the Statement of Functional Expenses.

NOTE 8 – RESTRICTED NET ASSETS

Temporarily restricted net assets at September 30, 2017 consisted of \$373,750 restricted for the REAP program (all received in cash) \$41,800 for special projects (all received in cash) and \$112,500 restricted to future time periods (\$87,500 received in cash and \$25,000 in grants and contributions receivable).

The Organization has no permanently restricted net assets.

THE BOMA PROJECT, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 9 – GRANTS AND CONTRIBUTIONS RECEIVABLE (PROMISES TO GIVE)

Unconditional grants and contributions receivable at September 30, 2017 consisted of a \$25,000 grant receivable from a private foundation to support general operations during the fiscal year ending September 30, 2018. The \$25,000 was received in full in January 2018.

The Organization also had – at September 30, 2017 – a \$90,735 conditional promise to give from a U.S. private foundation representing the balance of funds on a \$200,000, cost-reimbursable grant to support the REAP program.

NOTE 10 – INVESTMENTS AND BOARD DESIGNATED OPERATING RESERVE

In 2015, BOMA created a \$200,000 board designated “operating reserve” to help ensure the long-term financial stability of the Organization. In 2017, BOMA increased the reserve to \$450,000 and transferred the funds to a separate investment account.

The cost, fair market value (determined by “Level 1” inputs by reference to quoted market prices), and unrealized appreciation / (depreciation) of BOMA’s investments, by investment class, are summarized as follows as of September 30, 2017:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
Money funds	\$ 22,654	\$ 22,654	\$ -
Fixed income mutual funds	159,292	159,836	544
Equity mutual funds	273,850	291,061	17,211
	<u>\$ 455,796</u>	<u>\$ 473,551</u>	<u>\$ 17,755</u>

Net investment income (loss) is summarized as follows for the year ended September 30, 2017:

Interest and dividends	\$ 5,794
Unrealized gains	<u>17,755</u>
	<u>\$ 23,549</u>

NOTE 11 – PENSION PLAN

The Organization sponsors a 403 (b) Pension Plan that covers substantially all full-time employees. Employees who meet certain minimum age and service requirements can make contributions to the plan up to prescribed limits. BOMA matched employee contributions up to 2% of compensation from October through December 2016 and up to 4% from January through September 2017. Pension expense totaled \$13,140 for the year ended September 30, 2017.

THE BOMA PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12 – CONCENTRATION OF CASH ON DEPOSIT

The Organization has concentrated its credit risk by maintaining deposits in financial institutions that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC) or other domestic or foreign agencies. BOMA has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk to cash.

NOTE 13 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated “events” subsequent to September 30, 2017 through February 15, 2018 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.