

THE BOMA PROJECT, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2015

THE BOMA PROJECT, INC.

DECEMBER 31, 2015

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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 statement of financial position of The BOMA Project Inc. (a Vermont nonprofit organization) as of December 31, 2015 and the related statements of activities, functional expenses and cash flows for the year then ended. The prior year summarized comparative information has been derived from the Organization's 2014 financial statements and, in our report dated April 16, 2015, we expressed an unmodified opinion on those 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 December 31, 2015 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 & Duckaway, P.C.

Vergennes, Vermont
April 15, 2016
Vermont Registration #108880

THE BOMA PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015
(With Summarized Information for 2014)

	2015	2014
ASSETS		
Cash and cash equivalents (Notes 1 & 15)	\$ 1,479,111	\$ 387,989
Prepaid expenses and other current assets	19,514	13,104
Grants and contributions receivable (Notes 1, 7 & 11)	100,000	464,995
Property and equipment, net of accumulated depreciation (Note 5)	166	1,109
TOTAL ASSETS	\$ 1,598,791	\$ 867,197
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 17,297	\$ 5,409
Accrued expenses	17,310	12,931
Refundable advance (Notes 1 & 9)	232,931	60,440
Total Liabilities	267,538	78,780
Net Assets:		
Unrestricted:		
Undesignated	288,433	229,967
Board designated operating reserve (Note 13)	200,000	-
Temporarily restricted (Note 10)	842,820	558,450
Permanently restricted	-	-
Total Net Assets	1,331,253	788,417
TOTAL LIABILITIES AND NET ASSETS	\$ 1,598,791	\$ 867,197

See accompanying notes to financial statements.

THE BOMA PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(With Summarized Information for 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
SUPPORT AND REVENUE:				
Accountable grant from U.K. DFID (Notes 1, 9 & 12)	\$ -	\$ 714,999	\$ 714,999	\$ 692,096
Other grants and contributions (Notes 1 & 12)	475,072	786,232	1,261,304	771,408
Interest and other income	2,440	-	2,440	2,002
Net assets released from restrictions:				
Satisfaction of time restrictions	366,640	(366,640)	-	-
Satisfaction of program restrictions	850,221	(850,221)	-	-
TOTAL SUPPORT AND REVENUE	<u>1,694,373</u>	<u>284,370</u>	<u>1,978,743</u>	<u>1,465,506</u>
EXPENSES AND LOSSES:				
Program services: (Note 1)				
REAP	905,094	-	905,094	857,093
Governance	202,579	-	202,579	185,328
Catalysts of Change	24,203	-	24,203	51,487
Education and Advocacy	39,821	-	39,821	17,935
Supporting services:				
Management and general	104,785	-	104,785	114,008
Fundraising	159,425	-	159,425	96,557
TOTAL EXPENSES	<u>1,435,907</u>	<u>-</u>	<u>1,435,907</u>	<u>1,322,408</u>
CHANGE IN NET ASSETS	258,466	284,370	542,836	143,098
NET ASSETS, beginning of year	<u>229,967</u>	<u>558,450</u>	<u>788,417</u>	<u>645,319</u>
NET ASSETS, end of year	<u>\$ 488,433</u>	<u>\$ 842,820</u>	<u>\$ 1,331,253</u>	<u>\$ 788,417</u>

See accompanying notes to financial statements.

THE BOMA PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(With Summarized Information for 2014)

	Program Services					Supporting Services		2015 TOTAL	2014 TOTAL
	REAP	Governance	Catalysts of Change	Education & Advocacy	Total	Management & General	Fundraising		
Grants to NGO (Notes 1 & 8)	\$ 738,912	\$ 136,512	\$ -	\$ -	\$ 875,424	\$ -	\$ -	\$ 875,424	\$ 840,991
Scholarship grants (Note 7)	-	-	24,000	-	24,000	-	-	24,000	46,901
Salaries & wages	57,822	51,037	187	21,562	130,608	52,243	83,625	266,476	204,361
Benefits & taxes	7,297	5,652	16	2,070	15,035	6,413	9,054	30,502	21,368
Consultants & professional fees	43,320	2,083	-	1,207	46,610	24,336	20,352	91,298	97,138
Conferences & meetings	3,954	69	-	1,977	6,000	208	1,343	7,551	5,428
Currency exchange losses (Note 8)	-	-	-	-	-	10,166	-	10,166	13,401
Rent & related expenses (Note 6)	21,374	2,861	-	1,348	25,583	4,045	12,463	42,091	11,460
Insurance	1,516	189	-	190	1,895	503	1,327	3,725	2,618
Office & technology expenses	9,835	1,036	-	1,472	12,343	2,809	9,320	24,472	18,894
Outreach & publications	-	-	-	5,176	5,176	-	4,610	9,786	11,392
Fees	1,878	65	-	52	1,995	1,006	3,478	6,479	6,970
Travel (domestic and international)	18,716	3,023	-	4,502	26,241	2,899	11,708	40,848	39,200
Miscellaneous	93	5	-	218	316	15	1,815	2,146	644
Depreciation	377	47	-	47	471	142	330	943	1,642
	<u>\$ 905,094</u>	<u>\$ 202,579</u>	<u>\$ 24,203</u>	<u>\$ 39,821</u>	<u>\$ 1,171,697</u>	<u>\$ 104,785</u>	<u>\$ 159,425</u>	<u>\$ 1,435,907</u>	<u>\$ 1,322,408</u>

See accompanying notes to financial statements.

THE BOMA PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(With Summarized Information for 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 542,836	\$ 143,098
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	943	1,642
(Increase) decrease in operating assets:		
Prepaid expenses and security deposit	(6,410)	(3,981)
Grants and contributions receivable	364,995	(154,055)
Increase (decrease) in operating liabilities:		
Accounts payable	11,888	2,599
Accrued expenses	4,379	6,042
Refundable advance	<u>172,491</u>	<u>14,090</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,091,122</u>	<u>9,435</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
None	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
None	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,091,122	9,435
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>387,989</u>	<u>378,554</u>
End of year	<u>\$ 1,479,111</u>	<u>\$ 387,989</u>

See accompanying notes to financial statements.

THE BOMA PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 (with a current exclusive focus in northern Kenya). The Organization’s support comes primarily from grants and contributions from foreign governments (U.K. DFID), 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, 2015 (with the audit report dated March 30, 2016).

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 (5% for 2015). 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
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassification:

Portions of the 2014 financial statements have been reclassified to conform to the 2015 financial statement presentation.

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.

Comparative financial information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

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.

Governance:

The governance program complements REAP by engaging in activities to promote women's participation in community decision-making around drought preparedness. Together with REAP, this program helps to build the resilience of women through financial, social and political empowerment.

Catalysts of Change:

This program provides tuition and related expenses allowing Kenyan students to attend EARTH University (a private, non-profit university in Costa Rica) which offers degrees in agricultural sciences and natural resource management with the goal of developing leaders who will contribute to sustainable development and prosperous and just societies. The Catalysts of Change program also involves a number of other leader development activities including support for Kenyan students attending vocational and secondary schools in the country.

THE BOMA PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Programs (continued):

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).

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 the following at December 31st:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 2,418	\$ 2,418
Office equipment and computers	2,179	2,179
Furniture and fixtures	<u>550</u>	<u>550</u>
Subtotal	5,147	5,147
Less - accumulated depreciation	<u>(4,981)</u>	<u>(4,038)</u>
Net property and equipment	<u>\$ 166</u>	<u>\$ 1,109</u>

THE BOMA PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 5- PROPERTY AND EQUIPMENT (continued)

Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation, amounting to \$943 in 2015 and \$1,642 in 2014, is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	3 years
Office equipment and computers	3 years
Furniture and fixtures	5 years

NOTE 6 – OPERATING LEASE COMMITMENTS

BOMA rents office space in Vermont under a non-cancelable lease entered into July 2012 and expiring in July 2017. There were no minimum lease payments under this lease for the first year – BOMA was required only to pay “Complex Operating Costs and Taxes” of approximately \$385 per month. Monthly rent is \$750 per month for the second year of the lease and \$1,000 per month for the third, fourth and fifth. Rent under this lease (including \$13,664 in Complex Operating Costs and Taxes charged in 2015) was \$10,250 for 2014 and \$25,664 for 2015. Minimum lease payments for the years ending December 31st (not including current Complex Operating Costs and Taxes of approximately \$750 per month) are as follows:

2016	\$	12,000
2017		<u>6,500</u>
	\$	<u><u>18,500</u></u>

NOTE 7 – CONDITIONAL SCHOLARSHIP GRANTS RECEIVABLE AND PAYABLE

As discussed above, as part of its Catalysts of Change program, BOMA awards four-year scholarships allowing Kenyan students to attend EARTH University. The program pairs an unrelated donor with a student in need with both the grant receivable and the scholarship award payable considered conditioned upon the student’s continued enrollment. Conditional grants receivable and payable related to the program (neither of which are recorded in the financial statements) were \$24,000 as of December 31, 2015 (\$48,000 as of December 31, 2014). Current year receipts and expenditures (included in grants and contributions and program service expenses on the Statement of Activities) were \$24,000 (\$46,901 for 2014).

THE BOMA PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 8 – FOREIGN OPERATIONS

As discussed above, beginning October 1, 2012, BOMA operates its Kenyan activities through a stand-alone entity – BOMA Kenya. BOMA currently provides all 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. Of the approximately \$841,000 in transfers in 2014 (substantially all of which was in cash), approximately \$725,000 was expended for program expenses, \$108,000 was used to purchase capital additions and \$8,000 remained on hand. Of the approximately \$875,000 in transfers in 2015 (substantially all of which was in cash), approximately \$800,000 was expended for program expenses, \$44,000 was used to purchase capital additions and \$31,000 remained on hand.

As required under the accountable grant with the United Kingdom’s Department for International Development (discussed below), BOMA maintains a bank account with British Pounds Sterling as the source currency. Cumulative foreign currency losses on this account were approximately \$10,200 and \$13,400 for 2015 and 2014, respectively, as shown on the Statement of Functional Expenses.

NOTE 9– ACCOUNTABLE GRANT FROM THE U.K. DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

In April 2013, BOMA was awarded a three-year, \$2,073,503 accountable grant (1,268,969 British Pounds Sterling) from the United Kingdom Department for International Development (“DFID”) to support its REAP and Governance work in Marsabit County in Kenya - conditioned upon the expenditure of funds in accordance with the “Accountable Grant Arrangement” and with the continuation of support in future years dependent upon satisfactory progress towards achieving project goals. Activity on the grant in 2014 and 2015 was as follows (with amounts shown as “remaining funds” representing “conditional promises to give” at the end of the year):

	<u>2015</u>	<u>2014</u>
Refundable advance, beginning of the year	\$ 60,440	\$ 46,350
DFID grant funds received	887,490	706,186
DFID grant funds expended	<u>(714,999)</u>	<u>(692,096)</u>
Refundable advance, end of the year	<u>\$ 232,931</u>	<u>\$ 60,440</u>
<i>Remaining DFID grant funds, beginning of the year</i>	\$ 920,295	\$ 1,682,048
<i>DFID grant funds received</i>	(887,490)	(706,186)
<i>Currency adjustments</i>	<u>(24,065)</u>	<u>(55,567)</u>
<i>Remaining DFID grant funds, end of the year</i>	<u>\$ 8,740</u>	<u>\$ 920,295</u>

THE BOMA PROJECT, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015

NOTE 10 – RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 consisted of \$442,820 restricted for the REAP program (all received in cash) and \$400,000 restricted to future time periods (\$300,000 received in cash and \$100,000 in grants and contributions receivable). Temporarily restricted net assets at December 31, 2014 consisted of \$43,887 restricted for the REAP program (\$19,132 received in cash and \$24,755 in grants and contributions receivable), \$40,889 restricted to Kenya capital additions (including related maintenance and insurance) and \$11,794 restricted to leadership training (both of which received in cash) and \$461,880 restricted to future time periods (\$26,640 received in cash and \$435,240 in grants and contributions receivable).

The Organization has no permanently restricted net assets.

NOTE 11 – GRANTS AND CONTRIBUTIONS RECEIVABLE (PROMISES TO GIVE)

Unconditional grants and contributions receivable consisted of the following at December 31st:

	<u>2015</u>	<u>2014</u>
Unrestricted	\$ -	\$ 5,000
Temporarily restricted:		
For the REAP program	-	24,755
For use in future years	<u>100,000</u>	<u>440,000</u>
	<u>100,000</u>	<u>464,755</u>
Total unconditional promises to give	\$ <u>100,000</u>	\$ <u>469,755</u>
Receivable in less than one year	\$ 100,000	\$ 369,755
Receivable in one to five years	<u>-</u>	<u>100,000</u>
Total unconditional promises to give	100,000	469,755
Less discounts to net present value	-	(4,760)
Less allowance for uncollectible promises	<u>-</u>	<u>-</u>
Net unconditional promises to give	\$ <u>100,000</u>	\$ <u>464,995</u>

In addition to the conditional grants receivable discussed in Notes 7 and 9, the Organization also had – at December 31, 2015 – a \$159,658 conditional promise to give from a private foundation representing the second year of a two year grant supporting the REAP program and conditioned on satisfactory performance during the first year of the grant.

NOTE 12 – CONCENTRATION OF REVENUE

In addition to the \$714,999 in DFID grant revenue BOMA recognized during 2015 (an amount representing approximately 42% of its total *unrestricted* revenue for the year), BOMA also recognized (through temporarily restricted net assets released from restriction) *unrestricted* revenue of approximately \$141,000 from one individual donor - an amount representing approximately 8% of its total *unrestricted* revenue for the year).

THE BOMA PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 13 – 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. The funds have not yet been segregated in a separate cash or investment account as the Organization works to create formal policies regarding the fund.

NOTE 14 – 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. There were no employer contributions to the plan for 2014 or 2015.

NOTE 15 – 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 16 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated “events” subsequent to December 31, 2015 through April 15, 2016 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.