

**TANZANIAN CHILDREN'S FUND, INC.**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

**TANZANIAN CHILDREN'S FUND, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013**

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**Independent Auditor's Report**

To the Board of Directors  
Tanzanian Children's Fund, Inc.  
Boston, Massachusetts

I have audited the accompanying financial statements of the Tanzanian Children's Fund, Inc. (a non-profit organization) which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statement of Revenues, Expenses and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion of these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tanzanian Children's Fund, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink, appearing to read "John M. [unclear]". The signature is written in a cursive style.

Medford, Massachusetts  
May 20, 2014

**TANZANIAN CHILDREN'S FUND, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2013 AND 2012**

	<b>2013</b>			<b>2012</b>
	Unrestricted	Temporarily Restricted	Total	Total
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 842,424	\$ -	\$ 842,424	\$ 716,299
Investments	1,275,247		1,275,247	949,540
Inventory and prepaid	-		-	2,325
Total Current Assets	2,117,671	-	2,117,671	1,668,164
Non-current assets:				
Property and equipment, net of accumulated depreciation of \$3,508 and \$3,139, respectively	499		499	868
Total Assets	\$ 2,118,170	\$ -	\$ 2,118,170	\$ 1,669,032

**LIABILITIES AND FUND BALANCES**

Current Liabilities:				
Accounts Payable	\$ 4,471	\$ -	\$ 4,471	\$ 3,072
Total Current Liabilities	4,471	-	4,471	3,072
Net Assets:				
Unrestricted net assets:				
Operating	672,069		672,069	529,743
Board designated Rainy Day Fund	1,341,630		1,341,630	1,136,217
Board Designated Next Ten Fund for Secondary School	100,000		100,000	-
Total Net Assets	2,113,699	-	2,113,699	1,665,960
Total Liabilities and Net Assets	\$ 2,118,170	\$ -	\$ 2,118,170	\$ 1,669,032

See accompanying notes to financial statements.  
See Independent Auditor's Report

TANZANIAN CHILDREN'S FUND, INC.  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
Unrestricted public support and revenue:				
Contributions	\$ 801,563	\$ 671,477	\$ 1,473,040	\$ 1,335,321
Program service	93,109		93,109	66,610
Dividends and interest income	17,761		17,761	16,593
Unrealized gains (losses) on investments	134,142		134,142	27,276
Realized gains (losses) on sale of investments	22,759		22,759	31,258
T-shirt sales, net	739		739	646
Net assets released from restrictions	671,477	(671,477)		
Total public support and revenue	1,741,550	-	1,741,550	1,477,704
Expenses:				
Program Services:				
Rift Valley Children's Fund	1,061,716		1,061,716	961,483
Total program services	1,061,716		1,061,716	961,483
Supporting services:				
Management and general	146,386		146,386	68,706
Fundraising	85,709		85,709	45,130
Total supporting services	232,095		232,095	113,836
Total expenses	1,293,811		1,293,811	1,075,319
Change in net net assets	447,739	-	447,739	402,385
Net Assets, beginning of year	1,665,960	-	1,665,960	1,263,575
Net Assets, end of year	\$ 2,113,699	\$ -	\$ 2,113,699	\$ 1,665,960

See accompanying notes to financial statements.  
See Independent Auditor's Report

**TANZANIAN CHILDREN'S FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2013**

	Program services			Supporting services			Total Expenses
	Rift Valley Children's Fund	Rift Valley TCFI Direct	Rift Valley Children's Fund Total	Totals	Management and General	Fundraising	
Salaries and taxes	\$	43,286 \$	43,286	43,286	69,294 \$	50,403 \$	162,983
Professional expense				-	22,158		22,158
Office expense				-	6,638		6,638
Subcontractors		32,381	32,381	32,381	6,141	4,775	43,297
Filing fees					1,050		1,050
Contributions	965,261		965,261	965,261	4,099		965,261
Miscellaneous		3,150	3,150	3,150	7,812	2,030	13,745
Printing					4,085		9,842
Supplies		5,850	5,850	5,850	3,411		9,935
Shipping costs					6,411	929	4,340
Travel					7,355	13,590	20,001
Insurance		9,678	9,678	9,678	5,403		17,033
Bank service charges					2,160	7,486	5,403
Website expense		-	-	-	369		9,646
Advertising		2,110	2,110	2,110			2,110
Depreciation							369
<b>Total Operating Expenses</b>	<b>\$</b>	<b>96,455 \$</b>	<b>1,061,716 \$</b>	<b>1,061,716 \$</b>	<b>146,386 \$</b>	<b>85,709 \$</b>	<b>1,293,811</b>

See accompanying notes to financial statements.  
See Independent Auditor's Report

**TANZANIAN CHILDREN'S FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2012**

	Program services			Supporting services			Total Expenses
	Rift Valley Children's Fund	Rift Valley TCFI Direct	Rift Valley Children's Fund Total	Totals	Management and General	Fundraising	
Salaries and taxes	\$	43,234	43,234	43,234	22,900	29,242	\$ 95,376
Professional expense				-	8,477		8,477
Office expense				-	2,711		2,711
Subcontractors		49,825	49,825	49,825	5,921	2,925	58,671
Filing fees					125		125
Contributions	840,629		840,629	840,629	60		840,629
Miscellaneous		2,910	2,910	2,910	10,444	863	3,833
Printing					5,114	1,544	11,988
Supplies		779	779	779	7,494		5,893
Shipping costs					584		7,494
Travel					2,139	10,556	11,140
Insurance		10,336	10,336	10,336	2,224		12,475
Bank service charges					-		2,224
Website expense		12,410	12,410	12,410	-		12,410
Advertising		1,360	1,360	1,360	-		1,360
Depreciation					513		513
<b>Total Operating Expenses</b>	<b>\$</b>	<b>120,854</b>	<b>961,483</b>	<b>\$ 961,483</b>	<b>68,706</b>	<b>45,130</b>	<b>\$ 1,075,319</b>

See accompanying notes to financial statements.

See Independent Auditor's Report



**TANZANIAN CHILDREN'S FUND, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows from operating activities:		
Change in unrestricted net assets	\$ 447,739	\$ 402,385
Depreciation	369	513
Realized and Unrealized gains (losses) on investments	(133,902)	(27,276)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Inventory	2,325	4,214
Accounts payable	1,399	(4,738)
	-	-
Net cash provided by/(used in) operating activities	317,930	375,098
Cash Flows from investing activities:		
Proceeds from sale of investments	92,615	
Purchase of investments	(284,420)	(191,609)
Net cash used in investing activities	(191,805)	(191,609)
Net increase (decrease) in cash and cash equivalents	126,125	183,489
Cash and cash equivalents, beginning of year	716,299	532,810
Cash and cash equivalents, end of year	\$ 842,424	\$ 716,299

See accompanying notes to financial statements.  
See Independent Auditor's Report

**TANZANIAN CHILDREN'S FUND, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013**

**1. Organization and Purposes**

Tanzanian Children's Fund, Inc. (TCF) is a not-for-profit organization organized in March 2003, under the laws of the State of Massachusetts for the purpose of establishing aide to the orphaned and abandoned children of Tanzania. The Tanzanian Children's Fund, Inc. will provide support for the Rift Valley Children's Village, an orphanage in the Karatu region of Tanzania and, other related community based programs that improve the lives of marginalized children of Tanzania.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the organization have been prepared on the accrual basis of accounting whereby revenues are recognized in the appropriate net asset class as earned and expenses recognized as incurred.

**Basis of Presentation**

The accompanying financial statements include the assets, liabilities and net assets of Tanzanian Children's Fund, Inc. The financial statement presentation follows the provisions of the Not-for-profit Entities: Revenue Recognition topic and the Presentation of Financial Statements topic of the FASB Accounting Standards Codification. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, 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 may or will be met either by actions of the organization and/or the passage of time.

**TANZANIAN CHILDREN'S FUND, INC.**  
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**2. Summary of Significant Accounting Policies (continued)**

At December 31, 2013 the organization had no temporarily or permanently restricted net assets.

**Cash and Cash Equivalents**

For financial statement purposes, management considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value.

**Inventory**

Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out basis.

**Property and Equipment**

Equipment is stated at cost. The organization capitalizes equipment with the useful life greater than one year. Depreciation is computed by the straight-line method over an estimated useful life of five years.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Realized gains and losses on investments of Board designated endowment are recorded as changes in unrestricted net assets.

**Tax Status**

Tanzanian Children's Fund, Inc. qualifies as an exempt organization under the provisions of Internal Revenue Code, Section 501(c)(3) and therefore, is not subject to corporate income taxes. It has also been classified as an organization that is not considered to be a private foundation under 509(a)(2) of the Code.

**TANZANIAN CHILDREN'S FUND, INC.**  
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**2. Summary of Significant Accounting Policies (continued)**

Effective January 1, 2009, the organization adopted the provisions of Accounting for Uncertainty in Income Taxes as provided for in the Income Tax topic of the FASB Accounting Standards Codification. This statement clarifies the criteria that an individual tax position must satisfy for some or all of the benefits of that position to be recognized in an entity's financial statements. It also prescribes a recognition threshold of more likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. There was no cumulative effect on the organization's financial statements related to adoption of these provisions, and no interest or penalties related to uncertain tax positions were accrued. The organization is currently open to audit under the statute of limitations by the Internal Revenue Service and State Taxing authorities for the years ended December 31, 2008 through 2012.

**Revenues and Expenses**

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Gains and losses on investments and other assets or liabilities are reported as increases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporarily restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between applicable classes of net assets.

**Use of Estimates**

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

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**3. Concentrations of Credit Risk**

The organization maintains its bank accounts at two institutions. The balance are insured by the Federal Deposit Insurance Corporation up to \$250,000. The organization had \$484,890 and \$260,048 of uninsured cash at December 31, 2013 and 2012, respectively.

**4. Investments**

Investments are valued at fair value and consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Mutual Funds	\$1,269,994	\$939,396
Equities	\$ 5,253	\$ 10,144
Totals	<u>\$1,275,247</u>	<u>\$949,540</u>

TCF's investments returns for fiscal years 2013 and 2012 included investments earnings (dividends and interest) of \$17,761 and \$16,593, respectively, and realized and unrealized gains of \$156,901 and \$58,534, respectively.

Investments are not insured by the Federal Deposit Insurance Corporation and may lose market value.

**5. Assets measured at fair value on a recurring basis**

In accordance with the Fair Value Measurement and Disclosure topic of the FASB Accounting Standards Codification, the organization is required to disclose, for its assets and liabilities measured at fair value on a recurring basis, the sources and types of information, known as inputs, used to determine those fair value measurements.

Level 1: Level 1 inputs are quoted prices in active markets for identical assets and liabilities that an entity has the ability to access at a measurement date. Level 2: Level 2 inputs are inputs other than quoted prices that are observable for the specific asset or liability, either directly or indirectly. Level 3: Level 3 inputs are unobservable inputs for the assets or liabilities in which little or no market activity is available for the asset or liability at the measurement date. The reported values of assets measured

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**5. Assets measured at fair value on a recurring basis (continued)**

at fair value or a recurring basis are categorized as follows at December 31, 2013:

		<u>Fair value measurements at report date using:</u>			
		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		<u>Dec 31, 2013</u>			
Cash and cash equivalents	\$	842,424	842,424		
Publicly traded equities	\$	5,253	5,253		
Publicly traded domestic mutual funds		<u>1,269,994</u>	<u>1,269,994</u>		
Totals	\$	<u>2,117,671</u>	<u>2,117,671</u>		

The reported values of assets measured at fair value on a recurring basis are categorized as follows at December 31, 2012

		<u>Fair value measurements at report date using:</u>			
		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		<u>Dec 31, 2012</u>			
Cash and cash equivalents	\$	716,299	\$ 716,299	-	-
Publicly traded equities		10,144	10,144		
Money market funds		<u>939,396</u>	<u>939,396</u>	-	-
Totals	\$	<u>1,665,838</u>	\$ <u>1,665,838</u>	-	-

**6. Board Designated Funds**

A portion of unrestricted net assets has been designated by the Board to the following funds:

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**FOR THE YEARS ENDED DECEMBER 31, 2013**

**6. Board Designated Funds (continued)**

- Board designated Rainy Day Operating and/or Capital Costs: To help with operating and/or capital costs of TDF and the Rift Valley Children's Village, and to provide a back-up source of funds in the case of unexpected financial need. The balance of this fund was \$1,341,630 and \$1,136,217 at December 31, 2013 and 2012, respectively.
- Board designated Next Ten Fund: To help with operating and/or capital costs at Oldeani Secondary School, as well as any other boarding school costs that may arise. The balance of this fund was \$100,000 and \$-0- at December 31, 2013 and 2012, respectively.

These two amounts are included in an investment account at December 31, 2013, which includes the following:

Cash and Cash Equivalents	\$ 166,383
Publicly Traded Mutual Funds	<u>1,275,247</u>
	<u>\$1,441,630</u>

**7. Detail of Activity in Unrestricted Net Assets**

	<b>Unrestricted</b>	<b>Board Designated</b>	<b>Total</b>
Balance as of January 1, 2013	\$ 529,743	\$ 1,136,217	\$ 1,665,960
Changes in Net Assets	447,739		447,739
Board transfers to Board Designated	<u>(305,413)</u>	<u>305,413</u>	<u>- 0 -</u>
Balance as of December 31, 2013	<u>\$ 672,069</u>	<u>\$ 1,441,630</u>	<u>\$ 2,113,699</u>

**8. Subsequent events**

In accordance with the Subsequent Events topic of FASB Accounting Standards Codification, management has evaluated subsequent events for possible recognition or disclosure through May 20, 2014, which is the date these financial statements were available to be issued.