

UBUNTU GLOBAL CONNECTIONS, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

UBUNTU GLOBAL CONNECTIONS, INC.

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**WALDRON H. RAND
& COMPANY, P.C.**
Certified Public Accountants

Over 100 Years of Service

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Ubuntu Global Connections, Inc.
Concord, MA

We have reviewed the accompanying financial statements of Ubuntu Global Connections, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Waldron H. Rand & Company, P.C.

Dedham, Massachusetts
September 2, 2020

UBUNTU GLOBAL CONNECTIONS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

ASSETS

CURRENT ASSETS

Cash \$ 3,773

Total assets \$ 3,773

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses \$ 5,000

NET ASSETS

Net assets without donor restrictions \$ (1,227)

Total liabilities and net assets \$ 3,773

See accompanying notes to financial statements.

UBUNTU GLOBAL CONNECTIONS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES

Grant revenue \$ 233,686

EXPENSES

Contributions and program grants 233,401

General and administrative 5,155

Program services 1,034

Total expenses 239,590

Decrease in net assets (5,904)

NET ASSETS AT BEGINNING OF YEAR 4,677

NET ASSETS AT END OF YEAR \$ (1,227)

See accompanying notes to financial statements.

UBUNTU GLOBAL CONNECTIONS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | |
|--|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Decrease in unrestricted net assets | \$ (5,904) |
| Adjustments to reconcile decrease in unrestricted net assets to net cash used in operating activities: | |
| Increase (decrease) in liabilities: | |
| Accrued expenses | <u>5,000</u> |
| Net cash used in operating activities | <u>(904)</u> |
| NET DECREASE IN CASH | (904) |
| CASH AT BEGINNING OF YEAR | <u>4,677</u> |
| CASH AT END OF YEAR | <u><u>\$ 3,773</u></u> |

See accompanying notes to financial statements.

UBUNTU GLOBAL CONNECTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1. ORGANIZATION

Ubuntu Global Connections, Inc. (The Organization) is a nonprofit organization incorporated under The Commonwealth of Massachusetts, General Law, Chapter 180. The Organization is structured to work with various partner organizations in South Africa to aid in the support of communities and their struggles with early education, health care, poverty, orphaned or abandoned children, and the operation of local small businesses. The Organization also provides opportunities for Americans to volunteer in South Africa through immersion service trips.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Standards of Accounting and Reporting

The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for Not-for-Profit Organizations.

b) New Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), for reporting leases, which requires an entity that is a lessee to classify leases as either finance or operating and to recognize a lease liability and a right-of-use asset for all leases that have a term of greater than 12 months. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard will be effective for annual reporting periods beginning after January 1, 2021, with early adoption permitted, and must be applied using a modified retrospective approach.

On May 28, 2014, the FASB issued (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The standard's core principle is that an Organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the calendar year ending December 31, 2020 - see subsequent events footnote. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

c) Cash

The Organization's cash consisted of cash in checking and savings accounts at December 31, 2019.

UBUNTU GLOBAL CONNECTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

d) Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization maintains its cash with insured credit institutions. At times, such cash may be in excess of the Federal Deposit Insurance Corporation's insured limit.

e) Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

f) Advertising Expense

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2019 was approximately \$300.

g) Revenue Recognition

The Organization recognizes grant revenue when the grant is received, or an unconditional promise to give has been made.

h) Cash Flow Information

The organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Supplemental disclosure of cash flow information:

Cash paid during the year for:

| | |
|--------------|--------------------|
| Income taxes | <u>\$</u> <u>0</u> |
| Interest | <u>\$</u> <u>0</u> |

i) Income Taxes

The Organization is a nonprofit organization qualifying under IRS Section 501(c)(3) and is exempt from federal and state income taxes. However, should the Organization have unrelated business income, it would be taxable.

UBUNTU GLOBAL CONNECTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

i) Income Taxes (Continued)

Under the Income Tax Topic of the FASB Accounting Standards Codification, an organization is required to disclose tax filings which are potentially subject to review by either federal or state agencies. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization's evaluation on December 31, 2019 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2016 through 2018 tax years remain subject to examination by federal or state agencies. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

j) Allocation of Expenses

Expenses are allocated between program services and general and administrative on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include expenses that are not directly identifiable with any specific function but provide for overall support and direction of the Organization.

k) Net Assets

The Organization has adopted Accounting Standards Update (ASU) No. 2016-14: Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The Organization classifies net assets, revenues and gains in accordance with the Not-For-Profit Topic of the FASB Accounting Standards Codification. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net asset without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

UBUNTU GLOBAL CONNECTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1) Subsequent Events

The Organization has evaluated subsequent events through September 2, 2020, which is the date the financial statements were available to be issued.

As a result of the spread of COVID-19, economic uncertainties have arisen which may have an unknown and uncertain impact on income. Other financial impact could occur, though such potential impact is unknown at this time.

Due to the COVID-19 pandemic, the Organization elected to defer the adoption of (ASU) 2014-09 Revenue from Contracts with Customers (Topic 606), until January 1, 2020.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has approximately \$4,000 of financial assets available within one year of the December 31, 2019 statement of financial position date to meet cash needs for general expenditures. None of the financial assets are subject to contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. As of December 31, 2019, the Organization has financial assets available equal to approximately three months of operating expenses, before grant income.

4. FUNCTIONAL EXPENSES

Functional expenses consisted of the following for the year ended December 31, 2019:

| | <u>Program Services</u> | <u>General and Administrative</u> | <u>Total</u> |
|-------------------|-----------------------------|---------------------------------------|-----------------|
| Professional fees | \$ 0 | \$ 5,000 | \$ 5,000 |
| Transaction fees | 736 | 0 | 736 |
| Advertising | 298 | 0 | 298 |
| Bank fees | 0 | 120 | 120 |
| State fees | 0 | 35 | 35 |
| | <hr/> | <hr/> | <hr/> |
| Total expenses | <u>\$ 1,034</u> | <u>\$ 5,155</u> | <u>\$ 6,189</u> |

5. MAJOR CONTRIBUTORS

During the year ended December 31, 2019 two major contributors accounted for approximately 79% of total grant revenue.