

**TEAM AFRICA RISING, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

*Preliminary  
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Subject to  
Revision*

**TEAM AFRICA RISING, INC.**  
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**DECEMBER 31, 2016**

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Trustees of  
Team Africa Rising, Inc.

Management is responsible for the accompanying financial statements of Team Africa Rising, Inc., formerly known as Team Rwanda Cycling, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information contained in the schedules of programs, management & general and fundraising is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such supplementary information.

GT Stephens CPA, P.C.

May 4, 2017  
Henderson NV

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**TEAM AFRICA RISING, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

|   | <u>ASSETS</u>       |                                   |                                   | <u>Total</u>      |
|---|---------------------|-----------------------------------|-----------------------------------|-------------------|
|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> |                   |
| Current Assets:                               |                     |                                   |                                   |                   |
| Cash  | \$ 102,686          | \$ -                              | \$ -                              | \$ 102,686        |
| Grant receivable                              | 250,000             | -                                 | -                                 | 250,000           |
| Prepaid expenses                              | <u>66,987</u>       | <u>-</u>                          | <u>-</u>                          | <u>66,987</u>     |
| Total Current Assets                          | 419,673             | -                                 | -                                 | 419,673           |
| Equipment                                     |                     |                                   |                                   |                   |
| Equipment, net of<br>depreciation of \$64,455 | <u>142,935</u>      | <u>-</u>                          | <u>-</u>                          | <u>142,935</u>    |
|   | <u>\$ 562,608</u>   | <u>\$ -</u>                       | <u>\$ -</u>                       | <u>\$ 562,608</u> |

**LIABILITIES AND NET ASSETS**

|                                  |                   |             |             |                   |
|----------------------------------|-------------------|-------------|-------------|-------------------|
| Liabilities:                     |                   |             |             |                   |
| Short-term loan payable          | \$ <u>0</u>       | \$ <u>-</u> | \$ <u>-</u> | \$ <u>0</u>       |
| Total Current Liabilities        | 0                 | -           | -           | 0                 |
| Net Assets                       | <u>562,607</u>    | <u>-</u>    | <u>-</u>    | <u>562,607</u>    |
| Total Liabilities and Net Assets | <u>\$ 562,607</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 562,607</u> |

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**TEAM AFRICA RISING, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|--------------|
| Revenues, Gains, and Other Support         |                     |                                   |                                   |              |
| Cash contributions                         | \$ 120,839          | \$ -                              | \$ -                              | \$ 120,839   |
| In-kind contributions                      | 100,680             | -                                 | -                                 | 100,680      |
| Sale of bicycles and parts                 | 4,052               | -                                 | -                                 | 4,052        |
| Fundraising                                | 104,047             | -                                 | -                                 | 104,047      |
| Investment return                          | 43                  | -                                 | -                                 | 43           |
|  | <hr/>               | <hr/>                             | <hr/>                             | <hr/>        |
| Total Revenues, Gains and<br>Other Support | 329,661             | -                                 | -                                 | 329,661      |
|  | <hr/>               | <hr/>                             | <hr/>                             | <hr/>        |
| Expenses and Losses                        |                     |                                   |                                   |              |
| Programs                                   | 396,943             | -                                 | -                                 | 396,943      |
| Management & general                       | 150,026             | -                                 | -                                 | 150,026      |
| Fundraising                                | 27,377              | -                                 | -                                 | 27,377       |
|  | <hr/>               | <hr/>                             | <hr/>                             | <hr/>        |
| Total Expenses                             | 574,346             | -                                 | -                                 | 574,346      |
|  | <hr/>               | <hr/>                             | <hr/>                             | <hr/>        |
| Change in Net Assets                       | (244,685)           | -                                 | -                                 | (244,685)    |
| Net Assets at Beginning of Year            | 807,292             | -                                 | -                                 | 807,292      |
|  | <hr/>               | <hr/>                             | <hr/>                             | <hr/>        |
| Net Assets at End of Year                  | \$ 562,607          | \$ -                              | \$ -                              | \$ 562,607   |
|  | <hr/> <hr/>         | <hr/> <hr/>                       | <hr/> <hr/>                       | <hr/> <hr/>  |

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**TEAM AFRICA RISING, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|  |                          |
|--|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          |                          |
| Contributions collected                              | \$ 478,938               |
| Payments for expenses                                | (505,274)                |
| Payments for prepaid expenses                        | <u>39,006</u>            |
| Net cash provided (used) by operating activities     | <u>12,670</u>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |                          |
| Purchase of property, plant and equipment            | (16,539)                 |
| Interest earned                                      | <u>43</u>                |
| Net cash provided (used) by investing activities     | <u>(16,496)</u>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |                          |
| Decrease in loan payable                             | <u>(6,580)</u>           |
| Net cash provided (used) by financing activities     | <u>(6,580)</u>           |
| Net increase (decrease) in cash and cash equivalents | <u>(10,406)</u>          |
| Beginning cash and cash equivalents                  | <u>113,092</u>           |
| Ending cash and cash equivalents                     | <u><u>\$ 102,686</u></u> |

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**TEAM AFRICA RISING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH  
PROVIDED (USED) BY OPERATING ACTIVITIES

|  |                  |
|--|------------------|
| Increase (decrease) in net assets  | \$ (244,685)     |
| Adjustments to reconcile change in net assets to net cash<br>provided (used) by operating activities |                  |
| Depreciation   | 35,072           |
| In-kind contributions  | (100,680)        |
| Interest earned  | 43               |
| (Increase) decrease in operating assets  |                  |
| Grant receivable   | 250,000          |
| Prepaid expenses   | <u>72,920</u>    |
| Net cash provided (used) by operating activities   | <u>\$ 12,670</u> |

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**TEAM AFRICA RISING, INC.**  
**NOTES to FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Note 1. Summary of Significant Accounting Policies**

**A. Organization and Nature of Activities**

Team Africa Rising, Inc. (formerly Team Rwanda Cycling, Inc.) is a not-for-profit organization incorporated under the laws of the state of Nevada. The organization seeks to educate and give adults training in cycling to help them compete in national and international competitions, including but not limited to the Olympics, while instructing youth in amateur cycling fundamentals.

**B. Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

**C. Financial Statement Presentation**

The net assets of Team Africa Rising, Inc. and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of Team Africa Rising, Inc. and/or the passage of time.

**D. Significant Programs**

Team Africa Rising, Inc.'s significant program is as follows:

Amateur Sport Education - Provide training in cycling fundamentals, conduct monthly training for national and international racing competitions.

**E. Estimates**

The preparation of the 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.

**F. Fair Value Measurements**

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:



**TEAM AFRICA RISING, INC.**  
**NOTES to FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

**F. Fair Value Measurements (continued)**

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in active markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The donated services, assets, and use of facilities recorded by Team Africa Rising, Inc. have been recorded at fair values, based on management's estimate of fair value from comparisons of similar assets or services or from the value as provided by the donor. This is considered Level 2 of the fair value hierarchy.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Team Africa Rising, Inc. 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 donated services, assets and use of facilities could result in a different fair value measurement at the reporting date.

**G. Foreign Currency Translation**

Team Africa Rising, Inc. maintains separate accounting records in the local currency. The financial statements are translated into U.S. dollars using period-end exchange rates for assets and liabilities and weighted-average exchange rates for support, revenues and expenses. Adjustments resulting from translating net assets are reported in the statement of activities with the expenses of Team Africa Rising, Inc.

**H. Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash includes cash on hand, demand deposits, money markets and investments with initial maturities of three months or less.

**TEAM AFRICA RISING, INC.**  
**NOTES to FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

**I. Property, plant and equipment**

Fixed assets with estimated useful lives greater than one year and a value greater than \$500 are recorded at cost if purchased or fair market value if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from 3 to 39 years.

**J. Contributed property and equipment**

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Contributions of cash and other assets received with a restriction that they be used to acquire fixed assets are initially recognized as temporarily restricted revenues. The restrictions on those contributions expire when the fixed assets are placed in service, and the net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**K. Support and Revenue**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. If a restriction is fulfilled in the same time period in which the contribution is received, Team Africa Rising, Inc. reports the support as unrestricted. Otherwise, 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.

**L. Income Taxes**

Team Africa Rising, Inc. is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions to the organization are tax deductible to donors under section 170 of the Code. Team Africa Rising, Inc. is not classified as a private foundation. The Company is required to file annual tax returns; the years 2013, 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

**M. Functional Expenses**

Expenses are charged directly to programs, management & general, or fundraising based on a combination of specific identification and allocation by management.

**TEAM AFRICA RISING, INC.**  
**NOTES to FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

**N. Concentrations of Risk**

The majority of Team Africa Rising, Inc.'s contributions and fundraising assets are received from corporations, foundations, and individuals located in the United States of America. As such, the Organization's ability to generate resources via contributions and grants is dependent upon the economic health of that area. An economic downturn could cause a decrease in contributions even though the demand for services remains the same or greater.

**O. Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. For the year ended December 31, 2016, no allowance was determined to be necessary.

**Note 2. Property and Equipment**

Major classes of property and equipment and accumulated depreciation are as follows at December 31, 2016:

|                               |    |                       |
|-------------------------------|----|-----------------------|
| Building                      | \$ | 70,779                |
| Bicycles                      |    | 104,041               |
| Equipment                     |    | <u>32,570</u>         |
|                               |    | 207,390               |
| Less accumulated depreciation |    | <u>(64,455)</u>       |
| Total property and equipment  | \$ | <u><u>142,935</u></u> |

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Depreciation expense for the year ended December 31, 2016 was \$35,072.

**Note 3. Temporarily Restricted Net Assets**

There were no temporarily restricted net assets as of December 31, 2016.

**Note 4. Subsequent Events**

These financial statements have been updated for subsequent events occurring through May 4, 2017, which is the date these financial statements were available to be issued.

**TEAM AFRICA RISING, INC.**  
**NOTES to FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Note 5. Promises to Give**

In early 2015, the Organization received a commitment of future funding of \$750,000 over the next three years. As of December 31, 2016, there was \$250,000 remaining of that commitment. This commitment requires that Team Africa Rising Inc. give more financial responsibility to the Nation of Rwanda and its designated associations starting April 2017.

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TEAM AFRICA RISING, INC.

SCHEDULES OF PROGRAMS, MANAGEMENT & GENERAL AND FUNDRAISING

FOR THE YEAR ENDED DECEMBER 31, 2016

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>      |
|---|---------------------|-----------------------------------|-----------------------------------|-------------------|
| <b>Programs</b>                           |                     |                                   |                                   |                   |
| Training camp-food                        | \$ 45,726           | \$ -                              | \$ -                              | \$ 45,726         |
| Training camp-stipends                    | 5,252               | -                                 | -                                 | 5,252             |
| Training camp-travel                      | 3,389               | -                                 | -                                 | 3,389             |
| Training equipment repairs                | 32,353              | -                                 | -                                 | 32,353            |
| Contract services                         | 181,382             | -                                 | -                                 | 181,382           |
| Fuel                                      | 7,622               | -                                 | -                                 | 7,622             |
| Travel                                    | 53,660              | -                                 | -                                 | 53,660            |
| Depreciation on equipment                 | 25,868              | -                                 | -                                 | 25,868            |
| Rent and utilities                        | 24,226              | -                                 | -                                 | 24,226            |
| Race expenses                             | 17,465              | -                                 | -                                 | 17,465            |
|   | <u>396,943</u>      | <u>-</u>                          | <u>-</u>                          | <u>396,943</u>    |
| <b>Total Programs</b>                     | <b>\$ 396,943</b>   | <b>\$ -</b>                       | <b>\$ -</b>                       | <b>\$ 396,943</b> |
| <b>Management &amp; General</b>           |                     |                                   |                                   |                   |
| Contract services                         | \$ 47,474           | \$ -                              | \$ -                              | \$ 47,474         |
| Rent and utilities                        | 4,397               | -                                 | -                                 | 4,397             |
| Depreciation                              | 9,204               | -                                 | -                                 | 9,204             |
| Insurance                                 | 170                 | -                                 | -                                 | 170               |
| Medical                                   | 8,964               | -                                 | -                                 | 8,964             |
| Travel and entertainment                  | 1,170               | -                                 | -                                 | 1,170             |
| Repairs and maintenance                   | 45,497              | -                                 | -                                 | 45,497            |
| Supplies                                  | 19,256              | -                                 | -                                 | 19,256            |
| Fuel                                      | 1,088               | -                                 | -                                 | 1,088             |
| Telephone                                 | 2,579               | -                                 | -                                 | 2,579             |
| Taxes                                     | 6,090               | -                                 | -                                 | 6,090             |
| Bank & currency conversion fees           | 4,137               | -                                 | -                                 | 4,137             |
|   | <u>150,026</u>      | <u>-</u>                          | <u>-</u>                          | <u>150,026</u>    |
| <b>Total Management &amp;<br/>General</b> | <b>\$ 150,026</b>   | <b>\$ -</b>                       | <b>\$ -</b>                       | <b>\$ 150,026</b> |
| <b>Fundraising</b>                        |                     |                                   |                                   |                   |
| Fundraising supplies                      | \$ 27,377           | \$ -                              | \$ -                              | \$ 27,377         |
|   | <u>27,377</u>       | <u>-</u>                          | <u>-</u>                          | <u>27,377</u>     |
| <b>Total Fundraising Costs</b>            | <b>\$ 27,377</b>    | <b>\$ -</b>                       | <b>\$ -</b>                       | <b>\$ 27,377</b>  |

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