

**Yei Education & Development
Agency**

Financial Statements

**Years Ended December 31, 2004
And December 31, 2003**

And

Independent Auditors' Report

SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

Yei Education & Development Agency

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SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Yei Education & Development Agency
Salt Lake City, UT

We have audited the accompanying statement of financial position of Yei Education & Development Agency (a nonprofit organization) as of December 31, 2004 and December 31, 2003, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yei Education & Development Agency as of December 31, 2004 and December 31, 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Shaw & Co., P.C.

Bountiful, Utah
June 10, 2005

Yei Education & Development Agency

Statements of Financial Position

December 31, 2004 and 2003

	<u>12/31/2004</u>	<u>12/31/2003</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,291	\$ 10,036
Total current assets	<u>12,291</u>	<u>10,036</u>
Furniture and equipment, at cost	1,625	1,625
Less accumulated depreciation	<u>(1,000)</u>	<u>(675)</u>
Net furniture and equipment	<u>625</u>	<u>950</u>
Total assets	<u>\$ 12,916</u>	<u>\$ 10,986</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ -	\$ -
Accrued liabilities	<u>-</u>	<u>-</u>
Total current liabilities	<u>-</u>	<u>-</u>
Net assets		
Unrestricted	12,916	10,986
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>12,916</u>	<u>10,986</u>
Total liabilities and net assets	<u>\$ 12,916</u>	<u>\$ 10,986</u>

See accompanying notes to financial statements.

Yei Education & Development Agency

Statement of Activities Year Ended December 31, 2004

	12/31/2004			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT				
Contributions	\$ 5,077	\$ -	\$ -	\$ 5,077
Total revenues and support	<u>5,077</u>	<u>-</u>	<u>-</u>	<u>5,077</u>
EXPENSES				
Program services	2,581	-	-	2,581
Management and general	566	-	-	566
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>3,147</u>	<u>-</u>	<u>-</u>	<u>3,147</u>
Change in net assets	1,930	-	-	1,930
Net assets, beginning of year	<u>10,986</u>	<u>-</u>	<u>-</u>	<u>10,986</u>
Net assets, end of year	<u>\$ 12,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,916</u>

See accompanying notes to financial statements.

Yei Education & Development Agency

Statement of Activities Year Ended December 31, 2003

	12/31/2003			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT				
Contributions	\$ 4,433	\$ -	\$ -	\$ 4,433
Total revenues and support	<u>4,433</u>	<u>-</u>	<u>-</u>	<u>4,433</u>
EXPENSES				
Program services	5,089	-	-	5,089
Management and general	780	-	-	780
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>5,869</u>	<u>-</u>	<u>-</u>	<u>5,869</u>
Change in net assets	(1,436)	-	-	(1,436)
Net assets, beginning of year	<u>12,422</u>	<u>-</u>	<u>-</u>	<u>12,422</u>
Net assets, end of year	<u>\$ 10,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,986</u>

See accompanying notes to financial statements.

Yei Education & Development Agency

Statement of Functional Expenses

Year Ended December 31, 2004

	12/31/2004			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Scholarship expense	\$ 2,581	\$ -	\$ -	\$ 2,581
Licenses and permits	-	125	-	125
Bank fees	-	70	-	70
Rent expense	-	38	-	38
Postage	-	8	-	8
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	2,581	241	-	2,822
Depreciation	-	325	-	325
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 2,581</u>	<u>\$ 566</u>	<u>\$ -</u>	<u>\$ 3,147</u>

See accompanying notes to financial statements.

Yei Education & Development Agency

Statement of Functional Expenses

Year Ended December 31, 2003

	12/31/2003			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Scholarship expense	\$ 5,089	\$ -	\$ -	\$ 5,089
Bank fees	-	140	-	140
Licenses and permits	-	125	-	125
Refunds	-	100	-	100
Web expense	-	75	-	75
Postage	-	15	-	15
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Total expenses before depreciation	5,089	455	-	5,544
Depreciation	-	325	-	325
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 5,089</u>	<u>\$ 780</u>	<u>\$ -</u>	<u>\$ 5,869</u>

See accompanying notes to financial statements.

Yei Education & Development Agency

Statements of Cash Flows Years Ended December 31, 2004 and 2003

	<u>12/31/2004</u>	<u>12/31/2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,930	\$ (1,436)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	<u>325</u>	<u>325</u>
Net cash provided by (used in) operating activities	<u>2,255</u>	<u>(1,111)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net change in cash	2,255	(1,111)
Cash and cash equivalents, beginning of year	<u>10,036</u>	<u>11,147</u>
Cash and cash equivalents, end of year	<u>\$ 12,291</u>	<u>\$ 10,036</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

Yei Education & Development Agency

Notes to Financial Statements December 31, 2004 and 2003

1. ORGANIZATION BASIS OF PRESENTATION

Yei Education & Development Agency (the “Organization”) was incorporated under the laws of the State of Utah as a nonprofit corporation on March 15, 2001. The objectives of the Organization are as follows:

- To provide educational opportunities for primary, secondary, and post-secondary students in Yei and Morobo Counties.
- To provide material resources for educational institutions, including primary and secondary schools for returnees children around Yei and Morobo counties.
- To promote economic self-reliance and infrastructure development across a broad range of fields, including, but not limited to, agriculture, communications, and transportation
- To promote sound, basic, health practices through education, particularly regarding preventive medicine, HIV/AIDS and women’s reproductive issues
- To provide a forum for discussion of issues related to development, education, and health in Southern Sudan and to bring together, in the spirit of cooperation and collaboration, many people committed to these issues
- To serve as a catalyst for the overall improvement in the standard of living of the people of Southern Sudan and to build a strong foundation for future growth and development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Statements of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations” and SFAS No. 116, “Accounting for Contributions Received and Contributions Made.”

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Contributions

Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restrictions 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.

Furniture and Equipment

Furniture and equipment are recorded at acquisition cost, or if donated, at the fair market value at the date donated. Depreciation expense is provided on a straight-line basis over the following estimated useful lives of the respective assets, which are five years.

Income taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2004 and 2003.

Functional Allocation of Expenses

The costs of providing the various programs and other activities 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.