

FINANCIAL STATEMENTS

LUBUTO LIBRARY PARTNERS

**FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

LUBUTO LIBRARY PARTNERS

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lubuto Library Partners
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Lubuto Library Partners (LLP), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LLP as of December 31, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LLP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LLP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LLP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LLP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited LLP's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



August 21, 2024

LUBUTO LIBRARY PARTNERS
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS		<u>2023</u>	<u>2022</u>
CURRENT ASSETS			
Cash and cash equivalents		\$ 304,095	\$ 194,915
Grants receivable		<u>-</u>	<u>19,191</u>
Total current assets		<u>304,095</u>	<u>214,106</u>
FIXED ASSETS			
Furniture and equipment		87,653	74,787
Vehicles		<u>5,310</u>	<u>110,310</u>
Total fixed assets		92,963	185,097
Less: Accumulated depreciation		<u>(65,422)</u>	<u>(118,523)</u>
Net fixed assets		<u>27,541</u>	<u>66,574</u>
TOTAL ASSETS		<u>\$ 331,636</u>	<u>\$ 280,680</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued liabilities		\$ 4,245	\$ 5,020
Refundable advances		<u>125,051</u>	<u>44,625</u>
Total liabilities		<u>129,296</u>	<u>49,645</u>
NET ASSETS			
Without donor restrictions		198,082	180,848
With donor restrictions		<u>4,258</u>	<u>50,187</u>
Total net assets		<u>202,340</u>	<u>231,035</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 331,636</u>	<u>\$ 280,680</u>

LUBUTO LIBRARY PARTNERS

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Government grants	\$ 275,600	\$ -	\$ 275,600	\$ 166,632
Grants and contributions	246,273	1,757	248,030	211,170
Contributed services	114,861	-	114,861	112,265
Other revenue	3,282	-	3,282	1,610
Interest income	706	-	706	738
Net assets released from donor restrictions	<u>47,686</u>	<u>(47,686)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>688,408</u>	<u>(45,929)</u>	<u>642,479</u>	<u>492,415</u>
EXPENSES				
Program Services	<u>613,857</u>	<u>-</u>	<u>613,857</u>	<u>585,574</u>
Supporting Services:				
General and Administrative	64,072	-	64,072	46,607
Fundraising	<u>5,506</u>	<u>-</u>	<u>5,506</u>	<u>5,825</u>
Total supporting services	<u>69,578</u>	<u>-</u>	<u>69,578</u>	<u>52,432</u>
Total expenses	<u>683,435</u>	<u>-</u>	<u>683,435</u>	<u>638,006</u>
Change in net assets before other items	<u>4,973</u>	<u>(45,929)</u>	<u>(40,956)</u>	<u>(145,591)</u>
OTHER ITEMS				
Loss due to misappropriation of assets	-	-	-	(35,110)
Exchange rate gain	<u>12,261</u>	<u>-</u>	<u>12,261</u>	<u>4,119</u>
Total other items	<u>12,261</u>	<u>-</u>	<u>12,261</u>	<u>(30,991)</u>
Change in net assets	17,234	(45,929)	(28,695)	(176,582)
Net assets at beginning of year	<u>180,848</u>	<u>50,187</u>	<u>231,035</u>	<u>407,617</u>
NET ASSETS AT END OF YEAR	<u>\$ 198,082</u>	<u>\$ 4,258</u>	<u>\$ 202,340</u>	<u>\$ 231,035</u>

LUBUTO LIBRARY PARTNERS

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023				2022	
	Program Services	Supporting Services			Total Expenses	Total Expenses
		General and Administrative	Fundraising	Total Supporting Services		
Construction, professional fees and materials	\$ 298,872	\$ -	\$ -	\$ -	\$ 298,872	\$ 214,508
Salaries, fringe benefits and payroll taxes	173,391	1,361	-	1,361	174,752	223,227
Professional fees and services	97,997	31,978	5,090	37,068	135,065	125,969
Depreciation	3,453	13,446	-	13,446	16,899	21,425
Miscellaneous	16,269	-	-	-	16,269	15,080
Bad debt	-	12,171	-	12,171	12,171	-
Office supplies and cleaning	8,707	2,926	-	2,926	11,633	4,776
Occupancy	4,834	-	-	-	4,834	5,753
Transport and travel	3,182	-	-	-	3,182	3,430
Telecommunications	2,731	286	-	286	3,017	7,641
Bank charges	1,257	1,357	216	1,573	2,830	2,509
School uniforms, tuition, uniforms and other	1,666	-	-	-	1,666	7,099
Subscriptions/dues/registration/license	677	452	200	652	1,329	2,225
Program development	821	-	-	-	821	1,478
Security	-	95	-	95	95	2,886
TOTAL	\$ 613,857	\$ 64,072	\$ 5,506	\$ 69,578	\$ 683,435	\$ 638,006

See accompanying notes to financial statements.

LUBUTO LIBRARY PARTNERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (28,695)	\$ (176,582)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	16,899	21,425
Gain on sale of fixed assets	(2,862)	-
Increase (decrease) in:		
Grants receivable	19,191	(19,191)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(775)	1,196
Refundable advances	<u>80,426</u>	<u>(113,809)</u>
Net cash provided (used) by operating activities	<u>84,184</u>	<u>(286,961)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(12,866)	-
Sale of fixed assets	<u>37,862</u>	<u>-</u>
Net cash provided by investing activities	<u>24,996</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	109,180	(286,961)
Cash and cash equivalents at beginning of year	<u>194,915</u>	<u>481,876</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 304,095</u>	<u>\$ 194,915</u>

LUBUTO LIBRARY PARTNERS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Lubuto Library Partners ("LLP") is a non-profit organization, incorporated in the District of Columbia on January 25, 2005, under the name of Lubuto Library Project, Inc., but is doing business as LLP. A branch in the Republic of Zambia was established on September 21, 2005, in cooperation with the local Zambian government.

LLP is an innovative development organization that builds the capacity libraries in Africa to create opportunities for equitable education and poverty reduction. LLP's mission is to empower African children and youth and to help them develop the knowledge and skills to reconnect with their culture and communicate fully in society.

LLP constructs enduring, indigenously-inspired open-access libraries stocked with comprehensive collections of well-chosen books and appropriate technology. These libraries are the center for LLP's programs, which offer education, psychosocial support and self-expression through reading, music, art, drama, computers, mentoring, and other activities.

A cornerstone of LLP's approach is that LLP does not own the libraries or collections. Instead, LLP works with host organizations at each library, who are the libraries' owners and stewards and who are responsible for staffing their libraries. In return, LLP continues to expand the collections, to introduce new services and outreach activities, and to offer ongoing staff, volunteer, and library professional training.

Program Services -

LLP achieves its mission through constructing libraries, providing comprehensive library services, and providing educational programs aimed at improving the welfare and health of children and teens in the communities.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

LUBUTO LIBRARY PARTNERS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with LLP's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Cash and cash equivalents -

LLP considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, LLP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

LLP had approximately \$112,949 of cash and cash equivalents held at financial institutions in foreign countries at December 31, 2023. The majority of funds invested in foreign countries are uninsured.

Fixed assets -

Fixed assets in excess of \$500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the year ended December 31, 2023 totaled \$16,899.

Income taxes -

LLP is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. LLP is not a private foundation.

Grants and contributions -

The majority of LLP's activities are supported by grants and contributions from the U.S. Government and other private entities. These awards are for various activities performed by LLP. Grants and contributions are recognized in the appropriate category of net assets in the period received. LLP performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants and contributions qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

LUBUTO LIBRARY PARTNERS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Grants and contributions (continued) -

Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. LLP's refundable advances totaled \$125,051 as of December 31, 2023.

In addition, LLP has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. LLP's unrecognized conditional contributions to be received in future years totaled \$1,420,000 as of December 31, 2023.

Contributed services -

Contributed services are recorded at their fair value as of the date of the gift and consisted of donated salaries. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by LLP. None of the contributed nonfinancial assets were restricted by donors and none of the donated goods were monetized through sale.

Foreign currency translation -

The U.S. Dollar is the functional currency for LLP's worldwide operations.

Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into Dollars at the exchange rate in effect at the date of the Statement of Financial Position.

Use of 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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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 and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

LUBUTO LIBRARY PARTNERS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Functional allocation of expenses (continued) -

Expenses directly attributed to a specific functional area of LLP are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort or other reasonable basis.

2. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2023:

Subject to expenditure for specified purpose:	
Girls STEM Initiative	\$ 367
Scholarships	<u>3,891</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 4,258</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors during the year ended December 31, 2023:

Purpose restrictions accomplished:	
Research	\$ 46,020
Scholarships	<u>1,666</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 47,686</u>

3. **LIQUIDITY AND AVAILABILITY**

LLP has a policy to structure its financial assets to be available and liquid as its obligations become due. Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 304,095
Less: Donor restricted funds	<u>(4,258)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 299,837</u>

4. **CONTRIBUTED SERVICES**

During the year ended December 31, 2023, LLP was the beneficiary of donated services which allowed LLP to provide greater resources toward various programs. Donated salaries are valued at the normal hourly rates that would be charged for these services. There were no donor-imposed restrictions associated with the in-kind contributions during the year ended December 31, 2023. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended December 31, 2023:

Professional Fees and Services	<u>\$ 114,861</u>
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LUBUTO LIBRARY PARTNERS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

4. CONTRIBUTED SERVICES (Continued)

The following programs have benefited from these donated services:

Program Services	\$ 95,857
Management and General	14,389
Fundraising	<u>4,615</u>
TOTAL PROGRAMS BENEFITED	<u>\$ 114,861</u>

5. LEASE COMMITMENTS

LLP leases office space in Zambia under a twelve month agreement that expires on September 30, 2024. The lease will renew automatically for a period of one year unless LLP gives written notice that they want to terminate or amend the lease. Base rent is approximately \$350 per month. For the year ended December 31, 2023, occupancy expense totaled \$4,834.

6. CONCENTRATION OF SUPPORT AND REVENUE

Approximately 43% of LLP's support and revenue for the year ended December 31, 2023 was derived from grants awarded by agencies of the United States government. LLP has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect LLP's ability to finance ongoing operations.

7. CONTINGENCY

LLP receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits. LLP did not meet the threshold to require an audit under Uniform Guidance for the year ended December 31, 2023.

8. RELATED PARTY

During the year ended December 31, 2023, LLP received gross contributions in the amount of approximately \$39,000 from Board Members.

9. SUBSEQUENT EVENTS

In preparing these financial statements, LLP has evaluated events and transactions for potential recognition or disclosure through August 21, 2024, the date the financial statements were issued.