

TRUSTAFRICA

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED MARCH 31, 2007

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INDEPENDENT AUDITOR'S REPORT

YEAR ENDED MARCH 31, 2007

Board of Trustees
TrustAfrica

We have audited the accompanying financial statements comprising the balance sheet of TrustAfrica as of March 31, 2007, and the related profit and loss accounts for the year then ended. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes an examination, on a test basis, of 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TrustAfrica as of March 31, 2007 and the results of its operations for the year then ended, on the basis of accounting described in note 2.

RACINE
MEMBER OF ERNST & YOUNG

Makha Sy
Partner

July 16, 2007

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FINANCIAL STATEMENTS AS OF MARCH 31, 2007

BALANCE SHEET (SUMMARY)

	Note	USD
		March 31, 2007
ASSETS		
Current assets		
Checkings/Savings	3.1	3,434,233
Accounts receivable		1,302
Holiday advances		1,891
Prepaid expenses and other	3.2	34,468
Total current assets		<u>3,471,894</u>
Fixed assets	3.3	243,656
Total assets		<u>3,715,550</u>
LIABILITIES AND EQUITY		
Current liabilities		
Payable	3.4	37,472
Accrued expenses	3.5	9,792
Grants payable	3.6	2,144,500
Total current liabilities		<u>2,191,764</u>
Equity		
Equity	3.7	344,119
Net income		1,179,667
Total equity		<u>1,523,786</u>
Total liabilities and equity		<u>3,715,550</u>

PROFIT AND LOSS (SUMMARY)

	Note	USD
		March 31, 2007
Income		
Individual contributions		18,511
Corporate and Foundation grants	3.8	3,981,776
Investment income		76,666
		<hr/>
Total income		4,076,953
Expenses		
Grants	3.9	(2,144,500)
Administrative expenses and depreciation	3.10	(694,705)
Staff recruitment and relocation	3.11	(44,689)
Bank charges		(691)
Exchange rate gain/loss		(12,701)
		<hr/>
Total expenses		(2,897,286)
Excess of contribution		(1,116,393)
Surplus (excess of contribution income over expenses)		(1,179,667)

BALANCE SHEET AS OF MARCH 31, 2007

	<u>March 31, 2007</u>
ASSETS	
Current Assets	
Checking/Savings	
Cash	
Citibank NY Checking	316,768.23
Citibank Money Market Account	3,070,346.72
Citibank MMA Pension	11,656.90
Ecobank CFA Account	-17,830.07
Ecobank Dollar Account	52,297.85
TrustAfrica petty cash	992.92
Total Cash	<u>3,434,232.55</u>
Total Checking/Savings	3,434,232.55
Accounts Receivable	
Accounts receivable	1,302.00
Total Accounts Receivable	<u>1,302.00</u>
Other Current Assets	
Prepaid expenses and other	
Prepaid insurance	10,567.39
Prepaid expenses	13,533.20
Security deposit	10,367.87
Total Prepaid expenses and other	<u>34,468.46</u>
Holiday advances	
Fatouma Diouhane Tabaski Advance	1,260.74
El Hadj Diallo Drame Tabaski Adva	630.36
Total Holiday advances	<u>1,891.10</u>
Total Other Current Assets	<u>36,359.56</u>
Total Current Assets	<u>3,471,894.11</u>
Fixed Assets	
Fixed assets	
Furniture & fixtures	36,000.32
Equipment	154,461.69
Software	3,267.20
Vehicles	34,606.41
Leasehold improvements	19,326.96
Collections - art, etc	17,184.46
Total Fixed assets	<u>264,847.04</u>
Accumulated depreciation	
Accum depr. F&F	-2,488.67
Acc depr. equipment	-13,281.21
Accum. amort. software	-65.65
Accum deprec - vehicles	-5,195.70
Accum. amort. leasehold imp	-159.67
Total Accumulated depreciation	<u>-21,190.90</u>
Total Fixed Assets	<u>243,656.14</u>
TOTAL ASSETS	<u><u>3,715,550.25</u></u>

BALANCE SHEET AS OF MARCH 31, 2007

	<u>March 31, 2007</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Payable	
Accounts payable	37,472.39
Total Payable	<u>37,472.39</u>
Total Accounts Payable	37,472.39
Other Current Liabilities	
Accrued expenses	
Accrued vacation	9,791.80
Total Accrued expenses	<u>9,791.80</u>
Grants Payable	<u>2,144,500.00</u>
Total Other Current Liabilities	<u>2,154,291.80</u>
Total Current Liabilities	<u>2,191,764.19</u>
Total Liabilities	2,191,764.19
Equity	
Opening Bal Equity	5,969.34
Retained Earnings	338,149.29
Net Income	1,179,667.43
Total Equity	<u>1,523,786.06</u>
TOTAL LIABILITIES & EQUITY	<u>3,715,550.25</u>

PROFIT AND LOSS - APRIL 2006 THROUGH MARCH 2007

	<u>April 06 - March 07</u>
Ordinary Income/Expense	
Income	
Individual contributions	
\$100 Campaign	18,510.75
Total Individual contributions	<u>18,510.75</u>
Corporate & foundation grants	
Ford Core grant	3,000,000.00
Ford Religion grant	600,000.00
IDRC grant	257,776.25
Oak Foundation	25,000.00
MacArthur Foundation	74,000.00
Packard Foundation	25,000.00
Total Corporate & foundation grants	<u>3,981,776.25</u>
Investment income	
Bank interest	76,478.06
Exchange rate gains	187.96
Total Investment income	<u>76,666.02</u>
Total Income	4,076,953.02
Expense	
Grants	
Ford Core grant	1,425,800.00
IDRC grant	718,700.00
Total Grants	<u>2,144,500.00</u>
Workshops/technical assistance	
Peace Workshop--Nov 2006	64,357.08
ICBE Jury Meeting 2007	54,935.66
Board Meetings	14,464.96
Total Workshops/technical assistance	<u>133,757.70</u>
Salaries and other expenses	
Total Salaries and other expenses	146,720.15
Pension plan contributions	
Profit-sharing plan/401K	11,640.00
Total Pension plan contributions	<u>11,640.00</u>
Other employee benefits	
Health insurance	3,087.05
Housing allowance	21,311.77
Education allowance	16,652.95
Total Other employee benefits	<u>41,051.77</u>

PROFIT AND LOSS - APRIL 2006 THROUGH MARCH 2007

April 06 - March 07

Payroll Taxes

Social Security & Medicare	14,600.75
State unemployment tax	7,980.37
VRS (Senegalese staff)	5,829.11
Caisse de Securite Sociale(Sgl)	60.85
IPRES (Senegal)	1,206.75
Federal unemployment taxes	0.00
Total Payroll Taxes	<u>29,677.83</u>

Consultants & professional fees

Accounting fees	23,983.50
Legal fees	1,000.00
Temporary help - contract	1,005.82
Auditing fees	14,486.92
Computer consultants	28,809.16
Program consultants	83,982.11
Consultants & professional fees - Other	6,974.95
Total Consultants & professional fees	<u>160,242.46</u>

Workshops

Workshop venue & catering	483.87
Total Workshops	<u>483.87</u>

Supplies

Office supplies	16,946.14
Office uniform	986.24
Total Supplies	<u>17,932.38</u>

Telecommunication

Telephone	5,050.05
ADSL	1,119.99
Fax	101.80
Tel & ADSL at Akwasi A's house	434.95
Total Telecommunication	<u>6,706.79</u>

Postage & delivery

Postage	440.35
Mailing services	808.94
Total Postage & delivery	<u>1,249.29</u>

PROFIT AND LOSS - APRIL 2006 THROUGH MARCH 2007

April 06 - March 07

Occupancy expense

Rent	33,146.13
Utilities	5,391.72
Post office box	96.58
Custodial services	10,440.96
Office Security	8,058.38
Leasehold improvements	7,131.16
Temporary office space	776.70
Office general maintenance	2,505.34
Maintenance at Akwasi A's home	1,949.82
Total Occupancy expense	<u>69,496.79</u>

Equipment & maintenance

Maintenance general	200.97
Purchase of furniture < \$1,000	1,762.88
Purchase of equipment < \$1,000	6,180.29
Maintenance agreements/fees	794.53
Vehicles & shipping clearance	3,658.61
Fuel expense	2,540.28
Vehicle Maintenance/Parking	504.15
Total Equipment & maintenance	<u>15,641.71</u>

Printing & publications

Printing & duplication	1,834.73
Annual report	9,388.93
Translation	161.29
Total Printing & publications	<u>11,384.95</u>

Travel

Travel	9,724.99
Accommodations	42.72
Ground transportation	3,753.20
Meals	4,118.91
Total Travel	<u>17,639.82</u>

Conference & meetings

Registration	200.00
Travel	4,798.16
Accommodation	1,573.98
Meals	290.50
Telephone/internet	33.98
Transportation	110.00
Total Conference & meetings	<u>7,006.62</u>

PROFIT AND LOSS - APRIL 2006 THROUGH MARCH 2007

	<u>April 06 - March 07</u>
Depreciation & amortization	
Depreciation expense	17,904.62
Amortization expense	3,286.28
Total Depreciation & amortization	<u>21,190.90</u>
Insurance-general	
Vehicle insurance	2,809.48
Insurance for paintings	42.01
Total Insurance-general	<u>2,851.49</u>
Bank charges & fees	
Bank charges	690.74
Exchange rate losses	12,701.02
Bank charges & fees - Other	0.20
Total Bank charges & fees	<u>13,391.96</u>
Other expenses	
Gifts	30.24
Total Other expenses	<u>30.24</u>
Staff recruitment & relocation	
Air travel	6,089.87
Relocation allowance in Dakar	8,048.73
Shipping	16,243.42
Temporary housing	14,252.29
Other relocation & recruit exp	54.56
Total Staff recruitment & relocation	<u>44,688.87</u>
Total Expense	<u>2,897,285.59</u>
Net Ordinary Income	<u>1,179,667.43</u>
Net Income	<u><u>1,179,667.43</u></u>

1. GENERAL INFORMATION ON TRUSTAFRICA

TrustAfrica, first known as the Special Initiative for Africa, began its activities in 2001 under the aegis of the Ford Foundation. The premise was that Africans need a greater voice in the international donor community as well as philanthropic resources that Africans control.

In 2006, TrustAfrica became a truly African foundation with the opening of its new headquarters in Dakar, Senegal. The Ford Foundation continues to provide support, but it is now an independent organization governed solely by Africans.

TrustAfrica is a new African foundation that supports efforts to promote continent-wide peace, integration and citizenship. It is incorporated in Washington, DC, USA as a tax-exempt public charity, and has a location agreement (Accord de siege) with the Government of Senegal, which grants it tax exempt status and diplomatic privileges, except for Senegalese staff.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING

TrustAfrica prepares its financial statements using the accrual basis of accounting. TrustAfrica maintains its accounting records in USD.

2.2 FUNCTIONAL CURRENCY

The functional currency is US Dollar.

2.3 TRANSLATION IN FOREIGN CURRENCY AND FOREIGN EXCHANGE DIFFERENCES

Foreign currency transactions are recorded, on initial, in the functional currency, by applying to the foreign currency amount, the monthly exchange rate between the functional currency and the foreign currency for the month of the transaction. The exchange rate is provided by Ecobank. The exchange gains or losses are recorded in the income statement.

2.4 TAXATION ISSUES

TrustAfrica is a tax exempted organization as agreed between the organization and the local authorities in the “Accord de siege” signed on January 9, 2006. The organization benefits from:

- the exoneration of any kinds of taxes and duties on the imports of equipment and goods destined to the conduct of its activities;
- the exoneration of VAT on invoices established by suppliers of goods or services necessary for the achievement of its program and the exoneration of indirect taxes with the exception of domestic garbage taxes and fuel taxes;
- the exoneration in Senegal of direct income taxes for TrustAfrica’s Director and its foreign staff;
- the temporary transit status for all vehicles locally purchased or imported for the achievement of its objectives;
- the exoneration of all registrations and/or transfers duties on the acquisitions of fixed or non-fixed assets and on leases, etc.

2.5 CURRENT ASSETS AND LIABILITIES

Cash and cash equivalents are defined as that on hand and in accounts (accessible within 90 days). Assets that are cash or that are expected to be converted to cash within a twelve-month period are considered to be current. Likewise, liabilities that are expected to be liquidated within a twelve-month period are considered to be current.

2.6 FIXED ASSETS

Fixed assets consist of vehicles, furniture and equipment of US\$1,000 or more. Such property and equipment is capitalized and depreciated. Depreciation is a method of allocating the cost of long-lived assets to the periods, which it benefits. All acquisitions of fixed assets under US\$1,000 are expensed.

Depreciation is computed using the straight-line method based on the estimated useful life of each asset. Useful lives of the assets are as follows:

Computer software	3 years
Computer hardware	5 years
Vehicles	5 years
Leasehold improvements	5 years
Equipment	7 years

2.7 REVENUE AND COST RECOGNITION

The financial statements of TrustAfrica are prepared on the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

3. NOTES TO THE FINANCIAL STATEMENTS

3.1 CHECKINGS/SAVINGS

Cash in bank and on hand is detailed as follows:

	USD
	March 31, 2007
Citibank NY Checking	316,768
Citibank Money Market Account	3,070,347
Citibank MMA Pension	11,657
Ecobank CFA Account	(17,830)
Ecobank Dollar Account	52,298
Trust Africa petty cash	993
	<hr/>
Total	3,434,233
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3.2 PREPAID EXPENSES AND OTHER

Prepaid expenses consist of the following:

	USD
	March 31, 2007
Prepaid insurance	10,567
Prepaid expenses	13,533
Security deposit	10,368
	<hr/>
Total	34,468
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3.3 FIXED ASSETS

Fixed assets are detailed as follows:

	USD
	March 31, 2007
Furniture & fixtures	36,000
Equipment	154,462
Software	3,267
Vehicles	34,607
Leasehold improvements	19,327
Collections-art	17,184
	<hr/>
Total gross value	264,847
Depreciation	(21,191)
	<hr/>
	243,656
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3.4 PAYABLE

As of March 31, 2007, payable are detailed as follows:

Vendor	Balance as of
	March 31, 2007
Stephen Adei	(796)
Gane Sene	121
Sonatel Mobiles	167
Matforce	201
IPRES	416
FreeRange	555
Alizes Nettoyage Industriel	704
Sonatel	734
Percepteur Dakar Source	915
Benedicte Sissoko	1,006
Senelec	1,528

Vendor	Balance as of March 31, 2007
Jean de Carvalho	2,727
Christopher Reardon	3,617
Charles Leathers	4,782
Hawa Ba	6,308
Ernst & Young	14,487
 Total	 <u>37,472</u> <u> </u>

3.5 ACCRUED EXPENSES

As of March 31, 2007, accrued expenses consist of the provision for annual leave of TrustAfrica employees.

3.6 GRANTS PAYABLE

Grants payable represent grants to give to beneficiaries decided by the Foundation on March 2007. The grants are detailed as follows:

Grantee	31/03/07 Payable
Ford Foundation Core Grants	
Centre for Conflict Resolution (Cape Town)	200,000
Goree Institute (Dakar)	200,000
Urgent Action Fund-Africa (Nairobi)	200,000
Isis-WICCE (Kampala)	365,800
Fahamu Network for Social Justice	200,000
Media Foundation for West-Africa	200,000
Rencontre Africaine pour la Defense des Droits de l'Homme (Dakar)	10,000
Bay Area Black United Fund/Priority Africa Network	10,000
International Center for Global Communications Foundation (Carol Pineau)	10,000
Ganta Concern Women (Ganta, Liberia)	10,000
International PEN	10,000
Association for African Women for Research & Development (AAWORD)	10,000
Total Ford Foundation Core Grants	1,425,800
IDRC Project Grant	
Universite Cadi Ayyad (El Morchid et Bouayad)	57,500
Lagos Business School (Chris Ogbechie)	25,000
Public Health & Development Center--University of Liberia (Alfred Tarway-Twalla)	50,000
Uganda Management Institute (Michael Mugabira)	50,000
University of Cape Town (Dr. Ralph Hamann)	50,000
Lagos Business School (Dr. Obinna Muogboh)	41,000
CERAME, ESSEC (Dr. Raphael Nkakleu)	40,000
United States International University (Dr. Francis Wambalaba)	50,000
Faculty of Economics-Eduardo Mondlane University; Advisory Center for Industrial	27,000
Universite Polytechnique de Bobo-Dioulasso (Denis Ouedraogo)	50,000
Center for Constitutional Rights and Development (Niyi Robbin-Coker)	10,000
Makerere University (Samuel Sejjaaka)	9,600
Makerere University (Audrey Kahara-Kawuki)	9,600
University of Dar es Salaam (Benjamin Mutagwaba)	9,500
University of Dar es Salaam (Mussa Assad)	10,000
Universite de Yaounde II (Maxime Kamdem)	10,000
Universite d'Abomey-Calvi (Ghislaine Semeni)	10,000
Strathmore University (Stella Nyongesa)	10,000
Universite de Yaounde II (Pierre V. Nketcha Nana)	10,000
Uganda Management Institute (Mutunzi A. Kitunzi)	9,500
Moi University/Kenya Institute of Public Policy Research and Analysis (James Ngair)	10,000
Kenyatta University (George Mbugua)	10,000
Ahfad University for Women-School of Management (Yassir Abbas)	10,000
Faculte des sciences juridiques, economiques et sociales Rabat (Mohamed Bousseta)	10,000
Kwame Nkrumah University of Science and Technology (Abeeku Brew-Hammond)	10,000
Kenyatta University (Patrick Kilonzo)	10,000
Olabisi Onabanjo University-Department of Agro Economics (D.O. Awotide)	10,000
Kenyatta University (Margaret Matanda)	10,000
Ghana Institute of Management and Public Administration (Richard Amposah)	10,000
University of Botswana (Iyanda)	45,000
Unity University College (Tenkir Bongor)	45,000
Total IDRC Project Grant	718,700
Total Grant	2,144,500

IDRC (International Development Research Centre) Project Grant is a project which has set up a special fund to promote a better Investment Climate and Business Environment (ICBE) in Africa through research and advocacy.

3.7 EQUITY

Equity is detailed as follows:

	USD
	March 31, 2007
Opening balance equity	5,970
Retained earnings	338,149
Net income	1,179,667
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Total equity	1,523,786
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Opening balance equity and retained earnings consist respectively of grants received in March 2006 from individuals for an amount of US\$ 5,970 and from the International Development Research Centre for an amount of US\$ 338,149.

3.8 CORPORATE AND FOUNDATION GRANTS

Corporate and foundation grants are detailed as follows:

	USD
	March 31, 2007
Ford Core grant	3,000,000
Ford Religion grant	600,000
IDRC grant	257,776
Oak Foundation	25,000
MacArthur Foundation	74,000
Packard Foundation	25,000
	<hr/>
Total	3,981,776
	<hr/> <hr/>

3.9 GRANTS

Grants are detailed as follows:

	USD
	March 31, 2007
Ford Foundation Core Grant	1,425,800
IDRC Project Grant	718,700
Total	<u>2,144,500</u>

3.10 ADMINISTRATIVE EXPENSES AND DEPRECIATION

Expenses are detailed as follows:

	USD
	March 31, 2007
Workshops / technical assistance	133,758
Salaries and other expenses	146,720
Pension plan contributions	11,640
Other employee benefits	41,052
Payroll taxes	29,678
Consultant and professional fees	160,242
Workshops	484
Supplies	17,932
Telecommunication	6,707
Postage & Delivery	1,249
Occupancy expense	69,497
Equipment & maintenance	15,642
Printing & publications	11,385
Travel	17,640
Conference & meetings	7,007
Depreciation & amortization	21,191
Insurance general	2,851
Other expenses	30
Total administrative expenses and depreciation	<u>694,705</u>

3.11 STAFF RECRUITMENT AND RELOCATION

Staff recruitment and relocation expenses are detailed as follows:

	USD
	March 31, 2007
Air travel	6,090
Relocation allowance	8,049
Shipping	16,243
Temporary housing	14,252
Other relocation expenses	55
Total	<u>44,689</u>