

Village Enterprise Fund
(A California Nonprofit Corporation)

FINANCIAL STATEMENTS

for the Fiscal Years Ended:
June 30, 2005 and 2004

TABLE OF CONTENTS

REPORTS

Independent Auditor's Report	1
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FINANCIAL STATEMENTS

Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8
Supplemental Statement of Functional Expenses FYE June 30, 2005	9
Supplemental Statement of Functional Expenses FYE June 30, 2004	10

Patricia M. Hablutzel
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Village Enterprise Fund
(A California Nonprofit Corporation)
San Carlos, California

I have audited the accompanying statement of financial position of Village Enterprise Fund as of June 30, 2005 and 2004 and the related statements of activities and change in net assets, statement of functional expenses, and statement of cash flows for the years then ended. These financial statements are the responsibility of Village Enterprise Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Village Enterprise Fund as of June 30, 2005 and 2004 and the results of their operations for the years then ended in conformity with generally accepted accounting principles in the United States of America.



Mountain View, California
September 29, 2006

**Village Enterprise Fund
Statement of Financial Position
As of June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Cash and Cash Equivalents	\$ 151,942	\$ 48,329
Prepaid expenses	429	2,620
Computers and Equipment at net	4,357	889
Total Assets	\$ 156,728	\$ 51,837
Grants Payable	\$ 74,268	\$ 46,390
Net Assets, Restricted	5,000	20,000
Net Assets, Unrestricted	77,460	(14,553)
Total Liabilities and Net Assets	\$ 156,728	\$ 51,837

The accompanying notes are an integral part of this statement.

**Village Enterprise Fund
Statement of Activities
For Twelve Months Ended June 30, 2005 and 2004**

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>2005 Total</u>	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>2004 Total</u>
REVENUE:						
Contributions	\$ 470,178	-	\$ 470,178	\$ 281,441		\$ 281,441
Foundations	30,000	5,000	35,000		20,000	20,000
Interest Income	515		515	23		23
Other Income	-		-	555		555
Total Revenue	<u>500,693</u>	<u>5,000</u>	<u>505,693</u>	<u>282,019</u>	<u>20,000</u>	<u>302,019</u>
EXPENSE:						
Program Services	293,727	20,000	313,727	225,332	-	225,332
Support Services						
Fundraising Expense	79,374		79,374	64,369		64,369
General Administrative Expense	35,579		35,579	26,442		26,442
Total Support Service Expense	<u>114,953</u>	<u>-</u>	<u>114,953</u>	<u>90,811</u>	<u>-</u>	<u>90,811</u>
Total Expense	<u>408,680</u>	<u>20,000</u>	<u>428,680</u>	<u>316,143</u>	<u>-</u>	<u>316,143</u>
Change in Net Assets	92,013	(15,000)	77,013	(34,124)	20,000	(14,124)
Beginning Net Assets	(14,553)	20,000	5,447	19,571		19,571
Ending Net Assets	<u>\$ 77,460</u>	<u>\$ 5,000</u>	<u>\$ 82,460</u>	<u>\$ (14,553)</u>	<u>\$ 20,000</u>	<u>\$ 5,447</u>

The accompanying notes are an integral part of this statement.

Village Enterprise Fund
Statement of Functional Expenses
For Twelve Months Ended June 30, 2005

	Twelve Months Ended June 30, 2005										Twelve Months Ended June 30, 2004									
	PROGRAM SERVICES					SUPPORT SERVICES					PROGRAM SERVICES					SUPPORT SERVICES				
	Kenya	Tanzania	Uganda	US	Total	Total	G & A	Fundraisin	Total	Expenses	Kenya	Tanzania	Uganda	US	Total	Total	G & A	Fundraising	Total	Expenses
Salaries	\$ 25,622	\$ 12,672	\$ 18,384	\$ 26,132	\$ 82,810	\$ 13,066	\$ 55,365	\$ 68,431	\$ 151,241	\$ 13,200	\$ 5,400	\$ 6,300	\$ 22,250	\$ 47,150	\$ 11,665	\$ 53,546	\$ 65,211	\$ 112,361		
Peyroll taxes and fringe benefits	-	-	-	8,359	8,359	5,194	7,250	12,445	20,804	6,561	8,983	7,900	8,055	30,978	2,438	5,679	8,116	39,094		
Grants to individuals	54,276	52,535	60,826	-	167,637	-	-	-	167,637	43,124	25,853	16,398	-	85,374	-	-	-	85,374		
Relief supplies	-	-	-	-	-	-	-	-	-	-	-	2,750	-	2,750	-	-	-	2,750		
Micro enterprise integration	-	-	-	-	-	-	-	-	-	1,500	-	8,700	-	10,200	-	-	-	10,200		
Training	4,360	4,216	8,465	7,500	24,541	-	-	-	24,541	6,520	1,441	6,480	-	14,441	-	-	-	14,441		
Capital equipment	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-	-	-	1,000		
Interns	-	-	-	750	750	-	-	-	750	-	-	-	3,171	3,171	-	-	-	3,171		
Professional fees	-	-	-	382	382	2,750	-	2,750	3,132	-	-	-	663	663	2,500	-	2,500	3,163		
Rent	-	-	-	-	-	3,195	-	3,195	3,195	-	-	-	-	-	3,780	-	3,780	3,780		
Utilities	-	-	-	-	-	853	-	853	853	-	-	-	-	-	602	-	602	602		
Office Expenses	-	-	-	1,455	1,455	3,205	307	3,512	4,966	-	-	-	2,003	2,003	2,138	284	2,422	4,425		
Postage	-	-	-	98	98	1,248	455	1,703	1,801	-	-	-	146	146	749	798	1,547	1,693		
Telephone and internet	-	-	-	237	237	2,704	-	2,704	2,941	-	-	-	610	610	1,777	271	2,047	2,658		
Subcontract labor	-	-	-	300	300	-	-	-	300	-	-	-	3,000	3,000	-	-	-	3,000		
Meetings, conferences and training	-	-	-	221	221	348	222	570	791	-	-	-	466	466	182	172	353	820		
Travel	-	-	-	24,127	24,127	7	500	507	24,633	-	-	-	23,181	23,181	-	104	104	23,284		
Printing and publications	-	-	-	-	-	-	3,550	3,550	3,550	-	-	-	-	-	-	2,902	2,902	2,902		
Fundraising Campaign	-	-	-	-	-	-	11,401	11,401	11,401	-	-	-	-	-	-	35	35	35		
Website	-	-	-	2,595	2,595	-	-	-	2,595	-	-	-	200	200	391	578	969	1,169		
Other costs	-	-	-	215	215	1,619	325	1,944	2,159	-	-	-	-	-	222	-	222	222		
Depreciation	-	-	-	-	-	1,389	-	1,389	1,389	-	-	-	-	-	-	-	-	-		
	\$ 84,253	\$ 69,423	\$ 87,675	\$ 72,371	\$ 313,727	\$ 35,579	\$ 79,374	\$ 114,953	\$ 428,600	\$ 70,906	\$ 41,676	\$ 48,006	\$ 64,744	\$ 225,332	\$ 26,442	\$ 64,369	\$ 90,811	\$ 316,143		

The accompanying notes are an integral part of this statement.

**Village Enterprise Fund
Statement of Cash Flows
As of June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 77,013	\$ (14,124)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Increase Prepaid Expenses	2,191	(2,620)
Decrease in Accounts Payable	-	(2,721)
Increase in Grants Payable	27,878	5,450
Depreciation Expense	1,389	222
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	108,471	(13,792)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(4,857)</u>	<u>(1,111)</u>
NET INCREASE (DECREASE) IN CASH	103,614	(14,903)
CASH AT BEGINNING OF YEAR	<u>48,329</u>	<u>63,232</u>
CASH AT END OF YEAR	<u>\$ 151,942</u>	<u>\$ 48,329</u>

The accompanying notes are an integral part of this statement.

Village Enterprise Fund
(a California Nonprofit Corporation)
Notes to the Financial Statements
June 30, 2005 and 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities:

Village Enterprise Fund (the Organization), is a nonprofit 501(c)(3) organization incorporated in California, USA. The organization funds micro business enterprises in developing countries, but primarily in Africa. The U.S. office is located in San Carlos, California with key international locations in Kenya, Uganda and Tanzania.

The Organization provides seed money, training and mentoring to groups of five (5) or more qualified entrepreneurs in Kenya, Uganda and Tanzania. Each collectively owned business works with a volunteer field coordinator to prepare a mini-business application. If approved, the business receives a US\$50 grant to get started. Upon meeting certain goals, each concern can receive another US\$50 after six months of operation. Since its inception, the Organization has funded over 10,000 businesses.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Contributions:

All Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Fixed Assets:

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

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.

Estimates:

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

Income Taxes:

The Organization is exempt from federal income taxes under section 501©(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701d.

Revenue Recognition:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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 restriction.

Contributions:

The Organization receives a substantial amount of its funding from individual donors and private foundations. Board members also make annual contributions to the organization. No amounts have been reflected in the financial statements for contributions which do not meet the criteria for recognition under SFAS 116, *Accounting for Contributions Received and Contributions Made*.

Cash and Cash Equivalents:

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

NOTE 2. EQUIPMENT

Equipment consists of the following:

<u>Description</u>	<u>2005</u>	<u>2004</u>
Computers and Furniture	\$ 5,968	\$ 1,111
Accumulated Depreciation	<u>-1,611</u>	<u>-222</u>
Net Book Value	\$ 4,357	\$ 889

NOTE 3. GRANTS PAYABLE

The Organization awards \$100 grants to small startup businesses as approved. The entire grant amount is recorded as an expense at the time the grant is awarded, although the business receives only 50% of the grant (US\$50) to get started. The remaining US\$50 is recorded as a liability until disbursed. Once the business goals are met, the additional US\$50 is disbursed and the liability account is reduced by the disbursed amount. If the business does not meet its goals, the second half of the grant award is withheld. This amount is returned to the pool for new applicants. Grants are funded on a quarterly basis.

Village Enterprise Fund
Supplemental Statement of Functional Expenses
For Twelve Months Ended June 30, 2005

	PROGRAM SERVICES				SUPPORT SERVICES			Total Expenses	
	Kenya	Tanzania	Uganda	US	Total	G & A	Fundraising		Total
Salaries	\$ 25,622	\$ 12,672	\$ 18,384	\$ 26,132	\$ 82,810	\$ 13,066	\$ 55,365	\$ 68,431	\$ 151,241
Payroll taxes and fringe benefits				8,359	8,359	5,194	7,250	12,445	20,804
Grants to individuals	54,276	52,535	60,626		167,637				167,637
Relief supplies									
Micro enterprise integration									
Training	4,360	4,216	8,465	7,500	24,541				24,541
Capital equipment									
Interns				750	750				750
Professional fees				382	382	2,750		2,750	3,132
Rent						3,195		3,195	3,195
Utilities						853		853	853
Office Expenses				1,455	1,455	3,205	307	3,512	4,966
Postage				98	98	1,248	455	1,703	1,801
Telephone and internet				237	237	2,704		2,704	2,941
Subcontract labor				300	300				300
Meetings, conferences and training				221	221	348	222	570	791
Travel				24,127	24,127	7	500	507	24,633
Printing and publications							3,550	3,550	3,550
Fundraising Campaign							11,401	11,401	11,401
Website				2,595	2,595				2,595
Other costs				215	215	1,619	325	1,944	2,159
Depreciation						1,389		1,389	1,389
	\$ 84,258	\$ 69,423	\$ 87,675	\$ 72,371	\$ 313,727	\$ 35,579	\$ 79,374	\$ 114,953	\$ 428,680

The accompanying notes are an integral part of this statement.

Village Enterprise Fund
 Supplemental Statement of Functional Expenses
 For Twelve Months Ended June 30, 2004

	PROGRAM SERVICES				SUPPORT SERVICES			Total Expenses	
	Kenya	Tanzania	Uganda	US	Total	G & A	Fundraising		Total
Salaries	\$ 13,200	\$ 5,400	\$ 6,300	\$ 22,250	\$ 47,150	\$ 11,665	\$ 53,546	\$ 65,211	\$ 112,361
Payroll taxes and fringe benefits	6,561	8,983	7,380	8,055	30,978	2,438	5,679	8,116	39,094
Grants to individuals	43,124	25,853	16,398	-	85,374	-	-	-	85,374
Relief supplies	-	-	2,750	-	2,750	-	-	-	2,750
Micro enterprise integration	1,500	-	8,700	-	10,200	-	-	-	10,200
Training	6,520	1,441	6,480	-	14,441	-	-	-	14,441
Conference Sponsor	-	-	-	1,000	1,000	-	-	-	1,000
Interns	-	-	-	3,171	3,171	-	-	-	3,171
Professional fees	-	-	-	663	663	2,500	-	2,500	3,163
Rent	-	-	-	-	-	3,780	-	3,780	3,780
Utilities	-	-	-	-	-	602	-	602	602
Office Expenses	-	-	-	2,003	2,003	2,138	284	2,422	4,425
Postage	-	-	-	146	146	749	798	1,547	1,693
Telephone	-	-	-	610	610	1,777	271	2,047	2,658
Subcontract labor	-	-	-	3,000	3,000	182	172	353	3,000
Meetings, conferences and training	-	-	-	466	466	-	104	104	820
Travel	-	-	-	23,181	23,181	-	2,902	2,902	23,284
Printing and publications	-	-	-	-	-	-	35	35	35
Website	-	-	-	-	-	-	578	969	1,169
Other costs	-	-	-	200	200	391	-	969	1,169
Depreciation	-	-	-	-	-	222	-	222	222
	\$ 70,905	\$ 41,676	\$ 48,008	\$ 64,744	\$ 225,332	\$ 26,442	\$ 64,369	\$ 90,811	\$ 316,143

The accompanying notes are an integral part of this statement.