



**EDIFY  
(FORMERLY EDULEAP)**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

September 30, 2010

**EDIFY  
(FORMERLY EDULEAP)**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Edify, formerly EduLeap  
San Diego, California

We have audited the accompanying statement of financial position of Edify, formerly EduLeap (Edify), as of September 30, 2010 and the related statements of activities and cash flows for the year 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 audit.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Edify as of September 30, 2010 and the results of its activities and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



San Diego, California  
December 22, 2010

**EDIFY**  
**(FORMERLY EDULEAP)**

**Statement of Financial Position**

September 30, 2010

ASSETS:

Current assets:

Cash and cash equivalents	\$ 16,903
Restricted cash from donations	20,000
Investments, donated privately held stock	91,442
Notes receivable from schools, current portion	78,424
Prepays and other assets	4,067
	<u>210,836</u>

Notes receivable from schools, net of current portion	44,239
Property and equipment - at cost, net	<u>10,606</u>

Total Assets \$ 265,681

LIABILITIES AND NET ASSETS:

Current liabilities:

Accounts payable	<u>\$ 8,882</u>
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Net assets:

Unrestricted:

Undesignated	226,193
Net investment in property and equipment	10,606
	<u>236,799</u>

Temporarily restricted for research project	20,000
	<u>256,799</u>

Total Liabilities and Net Assets \$ 265,681

See notes to financial statements

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**Statement of Activities**

Year Ended September 30, 2010

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 1,013,358	\$ 236,000	\$ 1,249,358
Interest income	901	-	901
	<u>1,014,259</u>	<u>236,000</u>	<u>1,250,259</u>
Release of temporarily restricted net assets from donor restrictions:			
Funds for school loans	216,000	(216,000)	-
	<u>1,230,259</u>	<u>20,000</u>	<u>1,250,259</u>
<b>EXPENSES:</b>			
Program services:			
Grants for revolving loans	559,452	-	559,452
Other program services	218,010	-	218,010
Supporting activities:			
General and administrative	145,272	-	145,272
Fundraising	70,726	-	70,726
	<u>993,460</u>	<u>-</u>	<u>993,460</u>
Change in Net Assets	236,799	20,000	256,799
Net Assets, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 236,799</u>	<u>\$ 20,000</u>	<u>\$ 256,799</u>

See notes to financial statements

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**Statement of Cash Flows**

Year Ended September 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 256,799
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,461
Stock gifts	(199,508)
Net change in:	
Prepays and other assets	(4,067)
Accounts payable	8,882
Net Cash provided by Operating Activities	<u>65,567</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Property and equipment additions	(14,067)
New notes receivable	(122,663)
Investment proceeds	108,066
Net Cash used in Investing Activities	<u>(28,664)</u>

Change in Cash and Cash Equivalents 36,903

Cash and Cash Equivalents, Beginning of Year -

Cash and Cash Equivalents, End of Year \$ 36,903

See notes to financial statements

**EDIFY**  
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**Notes to Financial Statements**

September 30, 2010

1. NATURE OF ORGANIZATION:

Edify, formerly EduLeap (Edify), was incorporated in 2009 in California as a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). It is also exempt from state income taxes. Edify has been classified as a publicly supported organization, which is not a private foundation, under Section 509(a) of the Code. The primary source of revenue for Edify is contributions which are tax-deductible for income tax purposes.

Edify is a religious organization dedicated to bringing Jesus Christ to children through Christian character development and provision of an excellent academic education, and to bringing children, parents, teachers and donors to Christ. Edify is focused on delivering three key resources to help Christian education entrepreneurs in developing countries lift their communities out of poverty:

1. Capital to expand or improve facilities at affordable private Christian schools, thereby increasing access to education for the poor
2. Curricula and other tools to strengthen schools' Christian message and witness
3. Business and teacher training for proprietors and educators to increase education quality

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements for Edify have been prepared on the accrual basis. A summary of significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**CASH AND CASH EQUIVALENTS**

For statements of financial position and cash flow purposes, cash and cash equivalents include cash on hand, cash on deposit, money market accounts, and certificates of deposit with a maturity of less than 90 days. These accounts may, at times, exceed federally insured limits. Edify has not experienced any losses in such accounts.

**INVESTMENTS**

Investments consist of privately held stock. The investments are reported at fair value based on quoted prices in active markets for similar assets, which is Level 3 of the fair value hierarchy.

**PROPERTY AND EQUIPMENT**

Expenditures over \$1,000 for property and equipment are capitalized at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which is 3 years.

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**Notes to Financial Statements**

September 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The financial statements report amounts by classification of net assets as follows:

*Unrestricted net assets* are those currently available at the discretion of the board for use in Edify's operations and those resources invested in property and equipment.

*Temporarily restricted net assets* are those which are stipulated by donors for specific operating purposes, or for specific projects.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

PUBLIC SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received or when ownership of donated assets are transferred to the ministry. Edify records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as release of donor restrictions.

Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities. Currently, there are no joint costs that have been allocated among the program, general and administrative, and fundraising.

USE OF ESTIMATES

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



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**Notes to Financial Statements**

September 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARDS

On October 1, 2009, Edify adopted the new provisions of the Income Tax topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of September 30, 2010, Edify had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

3. NOTES RECEIVABLE:

Notes receivable consists of two non-interest bearing notes loaned to one school located in Ghana. The first loan is a six month loan for \$70,000 due February 2011. The second loan is a five year loan for \$60,000 that will mature October 2015 with payments of \$1,000 due every month. Amounts that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The net present value of expected future payments as of September 30, 2010, was \$122,663.

4. PROPERTY AND EQUIPMENT:

Property and equipment consists of:

Computer equipment	\$ 14,067
Less accumulated depreciation	<u>(3,461)</u>
Property and equipment, net of depreciation	<u><u>\$ 10,606</u></u>

5. CONCENTRATION:

For the year ended September 30, 2010, five donors provided approximately 65% of total contributions.

6. RELATED PARTY:

Edify's president had a family member who provided consulting services during the year. Payments made by Edify for services rendered during the year totaled \$2,400.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.