

CONGO INITIATIVE USA, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Jankins Jablonski LLC
Certified Public Accountants
Hales Corners, Wisconsin

CONGO INITIATIVE USA, INC.

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JANKINS JABLONSKI LLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Congo Initiative USA, Inc.
(A Non-Profit Organization)

We have audited the accompanying financial statements of Congo Initiative USA, Inc. (A Non-Profit Organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the year ended September 30, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Audit Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Congo Initiative USA, Inc. as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the year ended September 30, 2016 in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Jankins Jablonski LLC". The signature is stylized and cursive.

Jankins Jablonski LLC
Hales Corners, Wisconsin

January 11, 2017

CONGO INITIATIVE USA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND 2015

ASSETS

CURRENT ASSETS	2016	2015
Cash	\$ 263,694	\$ 585,494
Other Current Assets	2,000	-
Total Current Assets	<u>265,694</u>	<u>585,494</u>
 LONG-TERM ASSETS		
Equipment, net	2,556	2,907
Deposits	400	400
Total Long Term Assets	<u>2,956</u>	<u>3,307</u>
 TOTAL ASSETS	 <u><u>\$ 268,650</u></u>	 <u><u>\$ 588,801</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ -	\$ 6,531
Accrued Current Liabilities	4,248	3,591
Total Current Liabilities	<u>4,248</u>	<u>10,122</u>
 NET ASSETS		
Unrestricted Net Assets	(91,159)	27,317
Temporarily Restricted Net Assets	355,561	551,362
Total Net Assets	<u>264,402</u>	<u>578,679</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 268,650</u></u>	 <u><u>\$ 588,801</u></u>

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Summarized Totals for the Year Ended September 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
REVENUE				
Contributions - Restricted	-	932,762	\$ 932,762	\$ 904,592
Contributions - Unrestricted	\$ 108,836		\$ 108,836	157,760
Other Revenue	25,368	-	25,368	1,505
Total Revenue	<u>134,204</u>	<u>932,762</u>	<u>1,066,966</u>	<u>1,063,857</u>
EXPENSES				
Program Service Expenses	1,199,147	-	1,199,147	731,350
Management & General Expenses	98,445		98,445	91,822
Fundraising Expenses	79,203	-	79,203	89,441
Other Expenses	4,448		4,448	3,110
Total Expenses	<u>1,381,243</u>	<u>-</u>	<u>1,381,243</u>	<u>912,613</u>
CHANGE IN NET ASSETS BEFORE				
ASSETS RELEASED FROM RESTRICTED	(1,247,039)	932,762	(314,277)	148,134
NET ASSETS RELEASED FROM RESTRICTED	<u>1,128,563</u>	<u>(1,128,563)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(118,476)	(195,801)	(314,277)	148,134
Net Assets, Beginning of Year	<u>27,317</u>	<u>551,362</u>	<u>578,679</u>	<u>430,545</u>
NET ASSETS, END OF YEAR	<u>\$ (91,159)</u>	<u>\$ 355,561</u>	<u>\$ 264,402</u>	<u>\$ 578,679</u>

CONGO INITIATIVE USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Summarized Totals for the Year Ended September 30, 2015)

	<u>Program Service</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2016 Total</u>	<u>2015 Total</u>
<u>EXPENSES</u>					
Construction Funds - CI-UCBC	\$ 458,212	\$ -	\$ -	\$ 458,212	\$ 74,095
Tuition & Scholarship	260,217	-	-	260,217	\$ 80,200
Salaries	89,260	53,325	54,382	196,967	\$ 150,129
Community Centers	72,825	-	-	72,825	\$ 18,043
Faculty Development	68,205	-	-	68,205	\$ 68,920
International Staff Support	52,173	-	-	52,173	\$ 24,442
Vehicles - UCBC	35,000	-	-	35,000	\$ -
Travel - Programs	31,340	-	-	31,340	\$ 22,930
Miscellaneous Special Project Expense	30,658	-	-	30,658	\$ 19,230
Rector Support	30,000	-	-	30,000	\$ 31,000
General Operations - CI-UCBC	25,486	-	-	25,486	\$ 216,956
Equipment - UCBC	21,772	-	-	21,772	\$ -
CI - International Offices	10,000	-	-	10,000	\$ -
Payroll Expenses	6,876	4,032	4,160	15,068	\$ 30,441
Materials	4,114	-	4,442	8,556	\$ 2,086
Events	2,000	-	-	2,000	\$ 1,574
US Staff Housing Allowance	975	-	-	975	\$ 3,500
Technology	34	-	-	34	\$ 2,179
Power & Internet	-	-	-	-	\$ 90,898
Kasali Sabbatical Expenses	-	-	-	-	\$ 6,746
Consulting Services	-	-	-	-	\$ 5,000
Service Learning	-	-	-	-	\$ 3,400
Accounting & Auditing Fees	-	14,075	-	14,075	\$ 12,600
Office Expense	-	9,703	-	9,703	\$ 5,513
Printing & Publicity	-	5,349	-	5,349	\$ 4,675
Board Meeting Expenses	-	4,057	-	4,057	\$ 12,656
Bank, Credit Card & PayPal Fees	-	3,605	-	3,605	\$ 2,472
Development Expense - Donor	-	3,411	-	3,411	\$ 213
Dues & Subscriptions	-	472	-	472	\$ 1,030
Depreciation	-	352	-	352	\$ 233
Miscellaneous Administrative	-	64	-	64	\$ 32
Travel - Fundraising	-	-	10,469	10,469	\$ 10,316
Organizational Rebrand Project	-	-	5,750	5,750	\$ -
Training and Conferences	-	-	-	-	\$ 11,104
TOTAL FUNCTIONAL EXPENSES	\$ 1,199,147	\$ 98,445	\$ 79,203	\$ 1,376,795	\$ 912,613

CONGO INITIATIVE USA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (314,277)	\$ 148,134
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	352	233
(Increase) Decrease in Other Current Assets	(2,000)	5,710
Increase (Decrease) in Accounts Payable & Current Liabilities	(5,875)	5,998
Net Cash Provided by Operating Activities	(321,800)	160,075
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of Security Deposit	-	(400)
Purchase of Property & Equipment	-	(1,432)
Net Cash Used by Investing Activities	-	(1,832)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (Payments) on Long Term Debt (Net)	-	-
Net Cash Used by Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(321,800)	158,243
Cash and Cash Equivalents at Beginning of Year	585,494	427,251
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 263,694	\$ 585,494
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Noncash Contributions:		
Donated Goods and Services	\$ 13,291	\$ -

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

Note A - Nature of Organization

Congo Initiative USA, Inc. (the Corporation), with its registered office in Germantown, Wisconsin, is a Wisconsin not-for-profit corporation formed in 2005. The mission of the Corporation is to promote Christian higher education, leadership development, and community transformation in the Democratic Republic of Congo (DRC). This mission is accomplished by, among other means, providing personnel and financial support to Congo Initiative-Université Chrétienne Bilingue du Congo (CI-UCBC), an educational institution organized and existing under the laws of DRC.

Note B - Summary of Significant Accounting Policies

Financial Statement Presentation

The financial statements of the Corporation have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Use of 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. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash in an operations checking account. This account may, at times, exceed federally insured limits. The Corporation has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents. For purposes of the statement of cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Net Assets

The financial statements report amounts by classification of net assets:

Unrestricted net assets are currently available for purposes under the direction of the board of directors, including specific purposes or general operational purposes, as designated by the board of directors.

Temporarily restricted net assets are contributed with donor stipulations for specific operating purposes, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

Note B - Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

There are no *permanently restricted net assets*. Such assets are defined as assets contributed with donor stipulations that the principal remain in perpetuity and only the income is available as unrestricted or temporarily restricted, as stipulated by the donor.

Revenue, Support, and Expenses

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Corporation.

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed services are recognized for those that improve or enhance property and equipment (as contributions and increases to the basis of property and equipment) or for those that require specialized skills (as contributions and expenses). During the year ended September 30, 2016, no material contributed services were received or recorded.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Corporation have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Accounting for Uncertain Tax Positions

Under the provisions of the Internal Revenue Code, Section 501(c)(3), the Corporation is a not-for-profit entity and, accordingly, is not a taxable entity.

The Financial Accounting Standards Board requires that the financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in the expenses in the statement of activities.

As of September 30, 2016, the Corporation had no uncertain tax positions that qualify for recognition in the financial statements. The corporation believes it has conducted its operations in accordance with, and has properly maintained, its tax exempt status. The Corporation's tax returns for fiscal years 2013 through 2016 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Fair Value of Financial Instruments

Based on management estimates, the carrying amount of cash, receivables, other current assets, accounts payable, and accrued expenses approximated their fair value as of September 30, 2016 and 2015.

Note C - Other Current Assets

Other current assets in the amount of \$2,000 and \$0 at September 30, 2016 and 2015, respectively, represent employee advances for future entity-related expenses.

Note D - Related Parties

The Corporation has partnered with CI-UCBC, an entity located in the Democratic Republic of Congo. All of the corporation's expenditures are spent on behalf of CI-UCBC; either through direct funds given to CI-UCBC, or indirectly through the Corporation's administrative operations which support CI-UCBC.

Note E - Comparative Financial Information

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Note F - Subsequent Events

For the presentation of the financial statements in conformity with generally accepted accounting principles, management is required to evaluate subsequent events through the date when the financial statements become available for issuance. Management has evaluated subsequent events through January 11, 2017 and has determined that no events have occurred that are required to be recognized or disclosed in the financial statements as of September 30, 2016.