

CONGO INITIATIVE USA, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

Jankins Jablonski LLC
Certified Public Accountants
Hales Corners, Wisconsin

CONGO INITIATIVE USA, INC.

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INDEPENDENT AUDITOR'S REPORT

To the 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, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended 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", written in a cursive style.

Jankins Jablonski LLC
Hales Corners, Wisconsin

January 4, 2018

CONGO INITIATIVE USA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016

ASSETS

CURRENT ASSETS	<u>2017</u>	<u>2016</u>
Cash	\$ 259,965	\$ 263,694
Other Current Assets	20	2,000
Total Current Assets	<u>259,985</u>	<u>265,694</u>
OTHER ASSETS		
Equipment, net	2,204	2,556
Deposits	400	400
Total Other Assets	<u>2,604</u>	<u>2,956</u>
TOTAL ASSETS	<u>\$ 262,589</u>	<u>\$ 268,650</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ -	\$ -
Accrued Current Liabilities	6,306	4,248
Total Current Liabilities	<u>6,306</u>	<u>4,248</u>
NET ASSETS		
Unrestricted Net Assets	(56,079)	(91,159)
Temporarily Restricted Net Assets	312,362	355,561
Total Net Assets	<u>256,283</u>	<u>264,402</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 262,589</u>	<u>\$ 268,650</u>

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Contributions - Restricted	\$ -	912,944	\$ 912,944	\$ -	\$ 932,762	\$ 932,762
Contributions - Unrestricted	166,837	-	166,837	108,836	-	108,836
Other Revenue	2,573	-	2,573	25,368	-	25,368
Total Revenue	<u>169,410</u>	<u>912,944</u>	<u>1,082,354</u>	<u>134,204</u>	<u>932,762</u>	<u>1,066,966</u>
EXPENSES						
Program Service Expenses	850,737	-	850,737	1,199,147	-	1,199,147
Management & General Expenses	96,057	-	96,057	98,445	-	98,445
Fundraising Expenses	136,201	-	136,201	79,203	-	79,203
Other Expenses	7,478	-	7,478	4,448	-	4,448
Total Expenses	<u>1,090,473</u>	<u>-</u>	<u>1,090,473</u>	<u>1,381,243</u>	<u>-</u>	<u>1,381,243</u>
CHANGE IN NET ASSETS BEFORE ASSETS RELEASED FROM RESTRICTED	(921,063)	912,944	(8,119)	(1,247,039)	932,762	(314,277)
NET ASSETS RELEASED FROM RESTRICTED	<u>956,143</u>	<u>(956,143)</u>	<u>-</u>	<u>1,128,563</u>	<u>(1,128,563)</u>	<u>-</u>
CHANGE IN NET ASSETS	35,080	(43,199)	(8,119)	(118,476)	(195,801)	(314,277)
Net Assets, Beginning of Year	<u>(91,159)</u>	<u>355,561</u>	<u>264,402</u>	<u>27,317</u>	<u>551,362</u>	<u>578,679</u>
NET ASSETS, END OF YEAR	<u>\$ (56,079)</u>	<u>\$ 312,362</u>	<u>\$ 256,283</u>	<u>\$ (91,159)</u>	<u>\$ 355,561</u>	<u>\$ 264,402</u>

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>EXPENSES</u>	<u>Program Service</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Construction Funds - CI-UCBC	\$ 172,676	\$ -	\$ -	\$ 172,676
Tuition & Scholarship	267,783	-	-	267,783
Salaries	97,113	53,009	91,291	241,413
Health Insurance	8,061	4,110	7,504	19,675
Community Centers	106,991	-	-	106,991
Faculty Advanced Studies	51,603	-	-	51,603
International Staff Support	45,000	-	-	45,000
Miscellaneous Special Project Expense	9,390	-	-	9,390
Rector Support	30,000	-	-	30,000
General Operations - CI-UCBC	-	-	-	-
Equipment - UCBC	489	-	-	489
CI - International Offices	-	-	-	-
Payroll Expenses	7,516	3,756	7,200	18,472
Materials	-	-	6,758	6,758
Events	11,200	-	-	11,200
US Staff Housing Allowance	-	-	-	-
Software & Technology	-	467	4,726	5,193
Accounting & Auditing Fees	-	17,175	-	17,175
Office Expense	-	9,315	-	9,315
Printing & Publicity	-	-	-	-
Board Meeting Expenses	-	3,691	-	3,691
Bank, Credit Card & PayPal Fees	-	2,653	1,927	4,580
Development Expense	-	165	-	165
Dues & Subscriptions	-	-	-	-
Depreciation	-	353	-	353
Miscellaneous	-	1,363	153	1,516
Travel	42,915	-	15,342	58,257
Organizational Rebrand Project	-	-	1,300	1,300
TOTAL FUNCTIONAL EXPENSES	\$ 850,737	\$ 96,057	\$ 136,201	\$ 1,082,995

CONGO INITIATIVE USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>EXPENSES</u>	<u>Program Service</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Construction Funds - CI-UCBC	\$ 458,212	\$ -	\$ -	\$ 458,212
Tuition & Scholarship	260,217	-	-	260,217
Salaries	89,260	53,325	54,382	196,967
Community Centers	72,825	-	-	72,825
Faculty Development	68,205	-	-	68,205
International Staff Support	52,173	-	-	52,173
Vehicles - UCBC	35,000	-	-	35,000
Miscellaneous Special Project Expense	30,658	-	-	30,658
Rector Support	30,000	-	-	30,000
General Operations - CI-UCBC	25,486	-	-	25,486
Equipment - UCBC	21,772	-	-	21,772
CI - International Offices	10,000	-	-	10,000
Payroll Expenses	6,876	4,032	4,160	15,068
Materials	4,114	-	4,442	8,556
Events	2,000	-	-	2,000
US Staff Housing Allowance	975	-	-	975
Software & Technology	34	-	-	34
Accounting & Auditing Fees	-	14,075	-	14,075
Office Expense	-	9,703	-	9,703
Printing & Publicity	-	5,349	-	5,349
Board Meeting Expenses	-	4,057	-	4,057
Bank, Credit Card & PayPal Fees	-	3,605	-	3,605
Development Expense - Donor	-	3,411	-	3,411
Dues & Subscriptions	-	472	-	472
Depreciation	-	352	-	352
Miscellaneous Administrative	-	64	-	64
Travel - Programs	31,340	-	10,469	41,809
Organizational Rebrand Project	-	-	5,750	5,750
TOTAL FUNCTIONAL EXPENSES	\$ 1,199,147	\$ 98,445	\$ 79,203	\$ 1,376,795

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (8,119)	\$ (314,277)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	352	352
(Increase) Decrease in Other Current Assets	1,980	(2,000)
Increase (Decrease) in Accounts Payable & Current Liabilities	2,058	(5,875)
Net Cash Provided by Operating Activities	(3,729)	(321,800)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,729)	(321,800)
Cash and Cash Equivalents at Beginning of Year	263,694	585,494
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 259,965	\$ 263,694
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Noncash Contributions:		
Donated Goods	\$ -	\$ 13,291

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 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 (a non-governmental organization) and Université Chrétienne Bilingue du Congo (CI-UCBC) (an educational institution), both of which are organized and fully registered according to DRC law.

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.

Method of Accounting

The financial statements of the Corporation have been prepared utilizing the accrual basis of accounting.

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 deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, 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.

Note B - Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

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.

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 and Support

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, 2017, no material contributed services were received or recorded.

Functional Allocation of Expenses

The Corporation allocates its expenses on a functional basis among its various programs and support services in the statement of activities. Expenditures for a specific program or support service are directly allocated to the activity benefited. Costs that are common to several functions are allocated among the program and supporting services based upon estimates made by the Corporation's management.

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.

Note B - Summary of Significant Accounting Policies (Continued)

Accounting for Uncertain Tax Positions (Continued)

As of September 30, 2017, 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 2014 through 2017 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Fair Value

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, 2017 and 2016.

Note C - 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 D - 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 E - 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 4, 2018 and has determined that no events have occurred that are required to be recognized or disclosed in the financial statements as of September 30, 2017.