

**CONGO INITIATIVE USA, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**Jankins Jablonski LLC**  
**Certified Public Accountants**  
**Hales Corners, Wisconsin**

**CONGO INITIATIVE USA, INC.**

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# JANKINS JABLONSKI LLC

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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, 2018 and 2017, 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, 2018 and 2017, 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". The signature is stylized and cursive.

Jankins Jablonski LLC  
Hales Corners, Wisconsin

February 11, 2019

**CONGO INITIATIVE USA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2018 AND 2017**

**ASSETS**

<b>CURRENT ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash	\$ 942,803	\$ 259,965
Other Current Assets	34	20
Total Current Assets	<u>942,837</u>	<u>259,985</u>
 <b>OTHER ASSETS</b>		
Equipment, net	1,852	2,204
Deposits	400	400
Total Other Assets	<u>2,252</u>	<u>2,604</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 945,089</u></u>	 <u><u>\$ 262,589</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 9,421	\$ -
Accrued Current Liabilities	489	6,306
Total Current Liabilities	<u>9,910</u>	<u>6,306</u>
 <b>NET ASSETS</b>		
Unrestricted Net Assets	14,761	(56,079)
Temporarily Restricted Net Assets	920,418	312,362
Total Net Assets	<u>935,179</u>	<u>256,283</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 945,089</u></u>	 <u><u>\$ 262,589</u></u>

See Notes to Financial Statements

**CONGO INITIATIVE USA, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 and 2017**

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE</b>						
Contributions - Restricted	\$ -	2,083,557	\$ 2,083,557	\$ -	912,944	\$ 912,944
Contributions - Unrestricted	76,367	-	76,367	166,837	-	166,837
Other Revenue	3,057	-	3,057	2,573	-	2,573
Total Revenue	<u>79,424</u>	<u>2,083,557</u>	<u>2,162,981</u>	<u>169,410</u>	<u>912,944</u>	<u>1,082,354</u>
<b>EXPENSES</b>						
Program Service Expenses	1,162,869	-	1,162,869	850,737	-	850,737
Management & General Expenses	128,447	-	128,447	96,057	-	96,057
Fundraising Expenses	192,724	-	192,724	136,201	-	136,201
Other Expenses	45	-	45	7,478	-	7,478
Total Expenses	<u>1,484,085</u>	<u>-</u>	<u>1,484,085</u>	<u>1,090,473</u>	<u>-</u>	<u>1,090,473</u>
CHANGE IN NET ASSETS BEFORE ASSETS RELEASED FROM RESTRICTED	(1,404,661)	2,083,557	678,896	(921,063)	912,944	(8,119)
<b>NET ASSETS RELEASED FROM RESTRICTED</b>	<u>1,475,501</u>	<u>(1,475,501)</u>	<u>-</u>	<u>956,143</u>	<u>(956,143)</u>	<u>-</u>
CHANGE IN NET ASSETS	70,840	608,056	678,896	35,080	(43,199)	(8,119)
Net Assets, Beginning 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>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 14,761</u>	<u>\$ 920,418</u>	<u>\$ 935,179</u>	<u>\$ (56,079)</u>	<u>\$ 312,362</u>	<u>\$ 256,283</u>

See Notes to Financial Statements

**CONGO INITIATIVE USA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b><u>EXPENSES</u></b>	<b><u>Program Service</u></b>	<b><u>Management &amp; General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Construction Funds - CI-UCBC	\$ 205,659	\$ -	\$ -	\$ 205,659
Tuition & Scholarship	124,600	-	-	124,600
Salaries	101,032	75,464	121,234	297,730
Health Insurance	8,984	7,772	13,144	29,900
Employee Retirement Fund	3,668	2,475	4,134	10,277
Community Centers	84,495	-	-	84,495
Faculty Development	83,733	-	-	83,733
International Staff Support	71,598	-	-	71,598
Communications & Development	25,428	-	-	25,428
Vehicles - UCBC	-	-	-	-
Miscellaneous Special Project Expense	2,842	-	-	2,842
Rector Support	-	-	-	-
General Operations - CI-UCBC	409,769	-	-	409,769
Equipment - UCBC	3,192	-	-	3,192
CI - International Offices	-	-	-	-
Payroll Expenses	7,730	5,753	9,289	22,772
Materials	-	-	7,650	7,650
Events	925	-	2,596	3,521
US Staff Housing Allowance	-	-	-	-
Software & Technology	-	1,076	6,118	7,194
Accounting & Auditing Fees	-	17,770	-	17,770
Insurance	-	1,967	-	1,967
Office Expense	-	8,380	-	8,380
Printing & Publicity	-	-	-	-
Board Meeting Expenses	-	3,315	-	3,315
Other Meetings & Training	-	-	890	890
Bank, Credit Card & PayPal Fees	-	1,177	4,274	5,451
Development Expense - Donor	-	2,893	-	2,893
Dues & Subscriptions	-	97	-	97
Depreciation	352	-	-	352
Miscellaneous	-	308	54	362
Travel - Programs	28,862	-	23,341	52,203
Organizational Rebrand Project	-	-	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 1,162,869</u></b>	<b><u>\$ 128,447</u></b>	<b><u>\$ 192,724</u></b>	<b><u>\$ 1,484,040</u></b>

See Notes to Financial Statements

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

<b><u>EXPENSES</u></b>	<b><u>Program Service</u></b>	<b><u>Management &amp; General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
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
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 850,737</b>	<b>\$ 96,057</b>	<b>\$ 136,201</b>	<b>\$ 1,082,995</b>

See Notes to Financial Statements



**CONGO INITIATIVE USA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 678,896	\$ (8,119)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	352	352
(Increase) Decrease in Other Current Assets	(14)	1,980
Increase (Decrease) in Accounts Payable & Current Liabilities	3,604	2,058
Net Cash Provided by Operating Activities	682,838	(3,729)
Net Increase (Decrease) in Cash and Cash Equivalents	682,838	(3,729)
Cash and Cash Equivalents at Beginning of Year	259,965	263,694
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 942,803</b>	<b>\$ 259,965</b>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Noncash Contributions:		
Donated Goods	\$ -	\$ -

See Notes to Financial Statements

**CONGO INITIATIVE USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**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.

Temporarily restricted net assets at September 30, 2018 consisted of the following:

Community Outreach	\$ 13,550
CI-USA Operations	20,872
Construction	669,144
Faculty Development	109,565
UCBC	78,504
Miscellaneous Restricted	<u>28,783</u>
	\$ <u>920,418</u>

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. Contributions, including grants, are recognized when cash is received or unconditional promises are made. During the period ending September 30, 2018, approximately \$408,938 was received from grant making foundations.

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, 2018, 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.

## **Note B - Summary of Significant Accounting Policies (Continued)**

### **Accounting for Uncertain Tax Positions (Continued)**

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, 2018, 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 2015 through 2018 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

### **Recent Accounting Pronouncements**

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

## **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 and fundraising 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 February 11, 2019 and has determined that no events have occurred that are required to be recognized or disclosed in the financial statements as of September 30, 2018.