

**CONGO INITIATIVE USA, INC.**

**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**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, 2019 and 2018, 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**

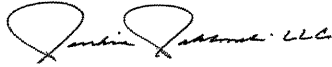
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2019 and 2018, 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", with a stylized flourish at the end.

Jankins Jablonski LLC  
Hales Corners, Wisconsin

February 18, 2020

**CONGO INITIATIVE USA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2019 AND 2018**

**ASSETS**

<b>CURRENT ASSETS</b>	<b>2019</b>	<b>2018</b>
Cash	\$ 487,086	\$ 942,803
Accounts Receivable	477	-
Other Current Assets	3,000	34
Total Current Assets	<u>490,563</u>	<u>942,837</u>
 <b>OTHER ASSETS</b>		
Equipment, net	6,254	1,852
Deposits	400	400
Total Other Assets	<u>6,654</u>	<u>2,252</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 497,217</u></u>	 <u><u>\$ 945,089</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 2,285	\$ 9,421
Accrued Current Liabilities	-	489
Total Current Liabilities	<u>2,285</u>	<u>9,910</u>
 <b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	(93,834)	14,761
Net Assets With Donor Restrictions	588,766	920,418
Total Net Assets	<u>494,932</u>	<u>935,179</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 497,217</u></u>	 <u><u>\$ 945,089</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, 2019 and 2018**

	2019			2018		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
<b>REVENUE</b>						
Contributions - With Donor Restriction	\$ -	738,894	\$ 738,894	\$ -	2,083,557	\$ 2,083,557
Contributions - Without Donor Restrictions	290,737		290,737	-	-	-
Other Revenue	705	-	705	79,424	-	79,424
Total Revenue	<u>291,442</u>	<u>738,894</u>	<u>1,030,336</u>	<u>79,424</u>	<u>2,083,557</u>	<u>2,162,981</u>
<b>EXPENSES</b>						
Program Service Expenses	1,150,998	-	1,150,998	1,162,869	-	1,162,869
Management & General Expenses	137,801	-	137,801	128,447	-	128,447
Fundraising Expenses	181,784	-	181,784	192,724	-	192,724
Other Expenses	-	-	-	45	-	45
Total Expenses	<u>1,470,583</u>	<u>-</u>	<u>1,470,583</u>	<u>1,484,085</u>	<u>-</u>	<u>1,484,085</u>
CHANGE IN NET ASSETS BEFORE						
ASSETS RELEASED FROM RESTRICTED	(1,179,141)	738,894	(440,247)	(1,404,661)	2,083,557	678,896
<b>NET ASSETS RELEASED FROM RESTRICTED</b>	<u>1,070,546</u>	<u>(1,070,546)</u>	<u>-</u>	<u>1,475,501</u>	<u>(1,475,501)</u>	<u>-</u>
CHANGE IN NET ASSETS						
Net Assets, Beginning of Year	14,761	920,418	935,179	(56,079)	312,362	256,283
<b>NET ASSETS, END OF YEAR</b>	<u>\$ (93,834)</u>	<u>\$ 588,766</u>	<u>\$ 494,932</u>	<u>\$ 14,761</u>	<u>\$ 920,418</u>	<u>\$ 935,179</u>

See Notes to Financial Statements

**CONGO INITIATIVE USA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<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>
Grants to CI-UCBC	\$ 985,275	\$ -	\$ -	\$ 985,275
Tuition & Educational Assistance	15,447	-	-	15,447
Leadership & Development Expense	35,250	-	-	35,250
Fundraising and Grant Services	-	-	52,181	52,181
Salaries	73,161	67,702	81,059	221,922
Health Insurance	7,865	6,180	5,653	19,698
Retirement Benefits	1,914	2,105	1,692	5,711
Payroll Taxes	5,645	5,285	6,280	17,210
Payroll Processing	-	1,780	-	1,780
Other Contracted Services	-	1,100	-	1,100
Staff Training, Development, & Recognition	-	1,673	697	2,370
Software & Technology	727	621	4,768	6,116
Insurance	539	1,550	869	2,958
Accounting & Auditing Fees	-	25,844	-	25,844
Office Expense	177	1,299	208	1,684
Postage & Shipping	3,900	204	1,896	6,000
Printing & Copying	107	1,959	3,212	5,278
Marketing & Media	4,403	90	4,152	8,645
Meals	212	804	1,394	2,410
Bank, Credit Card & PayPal Fees	-	4,960	-	4,960
Dues, Subscriptions, & Miscellaneous Fees	39	1,355	679	2,073
Depreciation	-	559	-	559
Travel	14,374	9,314	13,881	37,569
Rent	1,784	2,961	2,737	7,483
Miscellaneous	179	-	425	604
Loss on Sale of Investment	-	456	-	456
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 1,150,998</u></b>	<b><u>\$ 137,801</u></b>	<b><u>\$ 181,784</u></b>	<b><u>\$ 1,470,583</u></b>

See Notes to Financial Statements

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

<u>EXPENSES</u>	<u>Program Service</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
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
Miscellaneous Special Project Expense	2,842	-	-	2,842
General Operations - CI-UCBC	409,769	-	-	409,769
Equipment - UCBC	3,192	-	-	3,192
Payroll Expenses	7,730	5,753	9,289	22,772
Materials	-	-	7,650	7,650
Events	925	-	2,596	3,521
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
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>\$ 1,162,869</b>	<b>\$ 128,447</b>	<b>\$ 192,724</b>	<b>\$ 1,484,040</b>

See Notes to Financial Statements



**CONGO INITIATIVE USA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (440,247)	\$ 678,896
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	559	352
(Increase) Decrease in Accounts Receivable	(477)	-
(Increase) Decrease in Other Current Assets	(2,966)	(14)
Increase (Decrease) in Accounts Payable & Current Liabilities	(7,625)	3,604
Net Cash Provided by Operating Activities	(450,756)	682,838
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Computers	(4,961)	-
Net Cash Provided by Investing Activities	(4,961)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(455,717)	682,838
Cash and Cash Equivalents at Beginning of Year	942,803	259,965
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 487,086</b>	<b>\$ 942,803</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Noncash Contributions:		
Donated Stock	\$ 15,022	\$ -

See Notes to Financial Statements

**CONGO INITIATIVE USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**Note A - Nature of Organization**

Congo Initiative USA, Inc. (the Organization), with its registered office in Durham, North Carolina, is a not-for-profit Organization formed in Wisconsin in 2005. The mission of the Organization 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 Organization 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 Organization 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 Organization 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 Organization 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.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups:

- Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements.
- Net Assets With Donor Restrictions – Assets subject to usage limitations based upon donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use.

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

Classification of Net Assets (Continued)

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

Net assets with donor restrictions at September 30, 2019 consisted of the following:

Counseling & Peace Building	\$	885
CI-USA Operations		92,253
Facilities & Infrastructure		444,528
Education & Training		43,086
Entrepreneurship & Development		1,714
Partnership Development		<u>6,300</u>
		<u>\$ 588,766</u>

Revenue and Support

Revenue is recognized when earned. Contributions, including grants, are recognized when cash is received or unconditional promises are made. During the periods ending September 30, 2019 and 2018, approximately \$187,600 and \$408,938, respectively, was received from grant making foundations.

The Organization 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, donor restricted net assets are reclassified to net assets without donor restrictions 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 for those that require specialized skills. During the year ended September 30, 2019, no material contributed services were received or recorded.

Functional Allocation of Expenses

The Organization 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 Organization's management. During the period ending September 30, 2019, management revised the allocation of expenses that are not directly identifiable with a specific function or program to an allocation based on personnel time and effort.

Accounting for Uncertain Tax Positions

Under the provisions of the Internal Revenue Code, Section 501(c)(3), the Organization 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, 2019, the Organization had no uncertain tax positions that qualify for recognition in the financial statements. The Organization believes it has conducted its operations in accordance with, and has properly maintained, its tax exempt status. The Organization's tax returns for fiscal years 2016 through 2019 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

### **Note C - Related Parties**

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

### **Note D - Donated Services or Materials**

During the period ending September 30, 2019, the Organization received 199 shares of donated stock which had a fair value of \$15,022 on the date of donation. The stock was subsequently sold by the Organization. The Organization received a cash settlement of \$14,565 from the sale.

### **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 February 18, 2020 and has determined that no events have occurred that are required to be recognized or disclosed in the financial statements as of September 30, 2019.

### **Note G - Liquidity and Availability**

The Organization regularly monitors liquidity to meet its operating needs and other commitments. Additionally, the Organization budgets for operational expenses and anticipates collecting sufficient donations to cover general expenditures not covered by donor-restricted resources over the next 12 months. The main source of liquidity is the cash and cash equivalents (which includes accounts receivable) of the Organization. As of September 30, 2019, there was a cash and cash equivalent deficit of approximately \$101,203. This deficit was subsequently replenished by a \$200,000 donation without restrictions received by the Organization on November 13, 2019. In the months leading to the Organization's year end of September 30, 2019, management shifted fundraising efforts from program specific donations to donations for general operations to ensure sufficient funds are on hand to meet day to day operational needs.

## **Note H – Adoption of Accounting Pronouncement**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Project, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Organization's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective October 1, 2018. Adoption did not result in any reclassifications or restatements to net assets.