

CONGO INITIATIVE USA, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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, 2020 and 2019, 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

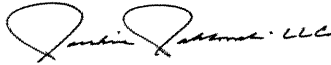
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2020 and 2019, 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
ID # 46-4382120
Hales Corners, Wisconsin

April 20, 2021

CONGO INITIATIVE USA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

ASSETS

	2020	(As restated) 2019
CURRENT ASSETS		
Cash	\$ 406,016	\$ 487,086
Accounts Receivable	-	477
Other Current Assets	310	3,000
Total Current Assets	406,326	490,563
 OTHER ASSETS		
Equipment, net	5,405	6,254
Deposits	1,000	400
Total Other Assets	6,405	6,654
TOTAL ASSETS	\$ 412,731	\$ 497,217

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ -	\$ 2,285
Accrued Current Liabilities	300	-
Total Current Liabilities	300	2,285
 LONG TERM LIABILITIES		
SBA PPP Loan	42,890	-
Total Long Term Liabilities	42,890	-
Total Liabilities	43,190	2,285
 NET ASSETS		
Net Assets Without Donor Restrictions	84,783	(47,983)
Net Assets With Donor Restrictions	284,758	542,915
Total Net Assets	369,541	494,932
TOTAL LIABILITIES AND NET ASSETS	\$ 412,731	\$ 497,217

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019

	2020			2019		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
REVENUE						
Contributions	\$ 955,675	-	\$ 955,675	\$ 275,714	551,294	\$ 827,008
Program Grants	-	175,000	175,000	-	187,600	187,600
In Kind Contributions	15,971	-	15,971	15,023	-	15,023
Interest and Investment Income (Loss)	459	-	459	154	-	154
Other Revenue	24	-	24	551	-	551
Total Revenue	<u>972,129</u>	<u>175,000</u>	<u>1,147,129</u>	<u>291,442</u>	<u>738,894</u>	<u>1,030,336</u>
EXPENSES						
Program Service Expenses	951,495	-	951,495	1,150,998	-	1,150,998
Management & General Expenses	256,079	-	256,079	137,801	-	137,801
Fundraising Expenses	64,946	-	64,946	181,784	-	181,784
Total Expenses	<u>1,272,520</u>	<u>-</u>	<u>1,272,520</u>	<u>1,470,583</u>	<u>-</u>	<u>1,470,583</u>
CHANGE IN NET ASSETS BEFORE ASSETS RELEASED FROM RESTRICTED	(300,391)	175,000	(125,391)	(1,179,141)	738,894	(440,247)
NET ASSETS RELEASED FROM RESTRICTED	<u>433,157</u>	<u>(433,157)</u>	<u>-</u>	<u>1,070,546</u>	<u>(1,070,546)</u>	<u>-</u>
CHANGE IN NET ASSETS Before Adjustment	132,766	(258,157)	(125,391)	(108,595)	(331,652)	(440,247)
Less: Prior Period Adjustment - September 30, 2019	-	-	-	45,851	(45,851)	-
Net Assets, Beginning of Year	<u>(47,983)</u>	<u>542,915</u>	<u>494,932</u>	<u>14,761</u>	<u>920,418</u>	<u>935,179</u>
NET ASSETS, END OF YEAR	<u>\$ 84,783</u>	<u>\$ 284,758</u>	<u>\$ 369,541</u>	<u>\$ (47,983)</u>	<u>\$ 542,915</u>	<u>\$ 494,932</u>

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>EXPENSES</u>	<u>Program Service</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Grants to CI-UCBC	\$ 881,946	\$ -	\$ 3,389	\$ 885,335
Tuition & Educational Assistance	-	-	-	-
Leadership & Development Expense	36,300	-	-	36,300
Fundraising and Grant Services	283	-	17,969	18,252
Salaries	24,778	125,802	28,743	179,323
Health Insurance	-	13,712	-	13,712
Retirement Benefits	-	4,727	-	4,727
Payroll Taxes	-	13,718	-	13,718
Payroll Processing	-	1,485	-	1,485
HR Consulting	-	15,000	-	15,000
Other Contracted Services	-	270	-	270
Staff Training, Development, & Recognition	-	394	-	394
Program Material & Supplies	960	302	1,025	2,287
Software & Technology	42	3,504	1,795	5,341
Insurance	-	(38)	-	(38)
Accounting & Auditing Fees	-	47,653	-	47,653
Office Expense	-	2,907	-	2,907
Postage & Shipping	196	553	3,607	4,356
Printing & Copying	-	2,448	3,698	6,146
Marketing & Media	-	-	107	107
Meals	-	864	15	879
Bank, Credit Card & Processing Fees	(526)	1,813	619	1,906
Dues, Subscriptions, & Miscellaneous Fees	-	2,832	557	3,389
Depreciation	-	849	-	849
Travel	7,516	1,576	3,422	12,514
Rent	-	13,715	-	13,715
Utilities	-	1,993	-	1,993
Miscellaneous	-	-	-	-
TOTAL FUNCTIONAL EXPENSES	\$ 951,495	\$ 256,079	\$ 64,946	\$ 1,272,520

See Notes to Financial Statements

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

EXPENSES	Program Service	Management & General	Fundraising	Total
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
HR Consulting	-	-	-	-
Other Contracted Services	-	1,100	-	1,100
Staff Training, Development, & Recognition	-	1,673	697	2,370
Program Material & Supplies	-	-	-	-
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
Utilities	-	-	-	-
Miscellaneous	179	-	425	604
Loss on Sale of Investment	-	456	-	456
TOTAL FUNCTIONAL EXPENSES	\$ 1,150,998	\$ 137,801	\$ 181,784	\$ 1,470,583

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (125,390)	\$ (440,247)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	849	559
(Increase) Decrease in Accounts Receivable	477	(477)
(Increase) Decrease in Other Current Assets	2,690	(2,966)
(Increase) Decrease in Security Deposits	(600)	-
Increase (Decrease) in Accounts Payable & Current Liabilities	(1,986)	(7,625)
Net Cash Provided by Operating Activities	(123,960)	(450,756)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Computers	-	(4,961)
Net Cash Provided by Investing Activities	-	(4,961)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Loan	42,890	-
Net Cash Provided by Financing Activities	42,890	-
Net Increase (Decrease) in Cash and Cash Equivalents	(81,070)	(455,717)
Cash and Cash Equivalents at Beginning of Year	487,086	942,803
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 406,016	\$ 487,086
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Noncash Contributions:		
Donated Stock	\$ 15,971	\$ 15,022

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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, consisted of the following:

	2020	(As Restated) 2019
Blacknall Grant	\$ 1,750	\$ -
Christ Presbyterian Grant	15,000	15,000
Cornerstone Trust	7,227	17,665
Crowell Trust	11,944	4,148
Lane Grant	208,001	421,751
Tyndale House Foundation	14,499	6,300
Westwood Endowment	26,328	59,650
Willow Creek	9	9
The Issachar Fund	-	5,870
Melovee White Trust	-	12,522
	<u> </u>	<u> </u>
Total Net Assets With Donor Restrictions	<u>\$ 284,758</u>	<u>\$ 542,915</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, 2020 and 2019, approximately \$175,000 and \$187,600, 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 years ended September 30, 2020 and 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 based on personnel time and effort.

Note B - Summary of Significant Accounting Policies (Continued)

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. As of September 30, 2020, 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.

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 under the discretion and control of the Organization's board, in support of CI-UCBC; either through grants given to CI-UCBC, or indirectly through the Organization's administrative and fundraising operations.

Note D – Donated Services or Materials

During the period ending September 30, 2020, the Organization received shares of donated stock. The stock had a value of \$15,971 upon transfer to the Organization. Subsequent to receipt, the stock was sold and the Organization received a cash settlement of \$15,851.

During the period ending September 30, 2019, the Organization received shares of donated stock which had a fair value of \$15,022 on the date of donation. The stock was subsequently sold and 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 April 21, 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, 2020.

Note G – Prior Period Adjustment

The accompanying financial statements have been restated to correct an error made in the prior year. The error relates to an overstatement of restricted net asset activity during the period ending September 30, 2019. The restatement has no effect on the change in *total* net assets for the year ended September 30, 2019. The restatement resulted in an overall decrease in net assets with donor restrictions by \$45,851 and increase net assets without donor restrictions by \$45,851 as of September 30, 2019.

Note H– 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.

The following represents the Organization’s financial assets as of September 30,

	<u>2020</u>	<u>(As Restated) 2019</u>
Cash and Cash Equivalents	\$406,015	\$487,086
Accounts Receivable	-	477
Less: Funds unavailable for general expenditures within one year due to Donor-imposed restrictions	<u>(284,758)</u>	<u>(542,915)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$121,257</u>	<u>\$ (55,352)</u>

The deficit in financial assets at September 30, 2019 was subsequently replenished by a \$200,000 donation without restrictions received by the Organization on November 13, 2019. Since 2019, management has 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 I – Governmental Assistance

On May 4, 2020, the Organization received loan proceeds in the amount of \$42,890 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying small businesses to pay their employees during the COVID-19 crisis. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains its payroll levels.

The Organization intends to use the proceeds for purposes consistent with the PPP and expects to meet the criteria for the loan to be forgiven. The unforgiven portion of the PPP loan is payable over two year at an interest rate of 1%, with a deferral of payments for the first six months.

Note J – 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.

Note K – Future Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new guidance requires an entity to recognize lease liabilities and a right-of-use asset for all leases with lease terms of more than twelve months on the balance sheet and provide enhanced disclosures on key information of leasing arrangements. The new standard is effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the impact of this new standard on its financial statements and related disclosures.

The FASB also recently issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The new guidance requires the recognition of revenue upon the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those good or services. The new standard is effective for annual reporting period beginning after December 15, 2019. The Organization is currently evaluating the impact of this new standard on its financial statements and related disclosures and does not expect the new standard to have a material impact.

Note L - Contingencies

COVID-19 Pandemic

The World Health Organization declared the novel coronavirus, COVID-19, a global pandemic in March 2020. The Organization is closely monitoring its operations, liquidity, and resources and actively working to minimize the current and future impacts of the pandemic on the Organization. While it is believed the disruptions that the pandemic has caused are temporary, the future impact on the Organization cannot be predicted.