

CONGO INITIATIVE USA, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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, 2021 and 2020, 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

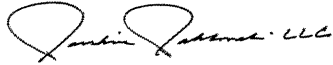
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2021 and 2020, 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 fluid and cursive, with the letters "J", "A", and "L" being particularly prominent.

Jankins Jablonski LLC
ID # 46-4382120
Hales Corners, Wisconsin

May 18, 2022

CONGO INITIATIVE USA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

ASSETS

CURRENT ASSETS	2021	2020
Cash	\$ 444,727	\$ 406,016
Accounts Receivable	-	-
Investments	195,539	-
Other Current Assets	-	310
Total Current Assets	640,266	406,326
 OTHER ASSETS		
Equipment, net	4,556	5,405
Deposits	-	1,000
Total Other Assets	4,556	6,405
TOTAL ASSETS	\$ 644,822	\$ 412,731

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ -	\$ -
Accrued Current Liabilities	300	300
Total Current Liabilities	300	300
 LONG TERM LIABILITIES		
SBA PPP Loan	-	42,890
Total Long Term Liabilities	-	42,890
Total Liabilities	300	43,190
 NET ASSETS		
Net Assets Without Donor Restrictions	356,791	84,783
Net Assets With Donor Restrictions	287,731	284,758
Total Net Assets	644,522	369,541
TOTAL LIABILITIES AND NET ASSETS	\$ 644,822	\$ 412,731

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020

	2021		2020	
	Without Donor Restriction	With Donor Restrictions	Without Donor Restriction	With Donor Restrictions
REVENUE				
Contributions (Individuals & Churches)	\$ 489,190	127,708	\$ 616,898	\$ 955,675
Organizational Donations & Grant Income	83,652	169,027	252,679	175,000
In Kind Contributions	25,291	663,936	689,227	15,971
PPP Loan Forgiveness	42,890	-	42,890	-
Interest and Investment Income (Loss)	(5,279)	-	(5,279)	459
Other Revenue	120	-	120	24
Total Revenue	635,864	960,671	1,596,535	1,147,129
EXPENSES				
Program Service Expenses	1,040,365	-	1,040,365	951,495
Management & General Expenses	202,589	-	202,589	256,079
Fundraising Expenses	78,600	-	78,600	64,946
Total Expenses	1,321,554	-	1,321,554	1,272,520
CHANGE IN NET ASSETS BEFORE				
ASSETS RELEASED FROM RESTRICTED	(685,690)	960,671	274,981	175,000
NET ASSETS RELEASED FROM RESTRICTED	957,698	(957,698)	-	(433,157)
CHANGE IN NET ASSETS	272,008	2,973	274,981	132,766
Net Assets, Beginning of Year	84,783	284,758	369,541	(47,983)
NET ASSETS, END OF YEAR	\$ 356,791	\$ 287,731	\$ 644,522	\$ 84,783
				\$ 284,758
				\$ 369,541

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>EXPENSES</u>	<u>Program Service</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Grants to CI-UCBC	\$ 988,255	\$ -	\$ -	\$ 988,255
Tuition & Educational Assistance	-	-	-	-
Leadership & Development Expense	37,300	-	-	37,300
Fundraising and Grant Services	-	-	2,035	2,035
Salaries	14,740	92,185	69,246	176,171
Retirement Benefits	-	3,344	-	3,344
Payroll Taxes	-	20,387	-	20,387
Payroll Processing	-	1,800	-	1,800
HR Consulting	-	5,000	-	5,000
Staff Training, Development, & Recognition	-	464	-	464
Software & Technology	-	4,066	-	4,066
Insurance	-	4,569	-	4,569
Accounting & Auditing Fees	-	40,890	-	40,890
Office Expense	-	2,597	-	2,597
Postage & Shipping	-	224	-	224
Printing & Copying	-	7,395	-	7,395
Marketing & Media	-	-	7,058	7,058
Bank and Online Giving Fees	-	5,880	261	6,141
Dues, Subscriptions, & Miscellaneous Fees	-	1,836	-	1,836
Depreciation	-	849	-	849
Travel	70	-	-	70
Rent	-	10,455	-	10,455
Utilities	-	648	-	648
Miscellaneous	-	-	-	-
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,040,365</u>	<u>\$ 202,589</u>	<u>\$ 78,600</u>	<u>\$ 1,321,554</u>

See Notes to Financial Statements

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

EXPENSES	Program Service	Management & General	Fundraising	Total
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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 274,981	\$ (125,390)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	849	849
(Increase) Decrease in Accounts Receivable	-	477
(Increase) Decrease in Other Current Assets	310	2,690
(Increase) Decrease in Security Deposits	1,000	(600)
Increase (Decrease) in Accounts Payable & Current Liabilities	-	(1,986)
Net Cash Provided by Operating Activities	277,140	(123,960)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Ameritrade - Endowment Fund	(195,539)	-
Net Cash Provided by Investing Activities	(195,539)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Loan	(42,890)	42,890
Net Cash Provided by Financing Activities	(42,890)	42,890
Net Increase (Decrease) in Cash and Cash Equivalents	38,711	(81,070)
Cash and Cash Equivalents at Beginning of Year	406,016	487,086
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 444,727	\$ 406,016
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Noncash Contributions:		
Donated Stock	\$ 689,080	\$ 15,971

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

Note A - Nature of Organization

Congo Initiative USA, Inc. (the Organization), with its registered office in 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) through partnerships with churches and organizations and the solicitation of donations. 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:

	<u>2021</u>	<u>2020</u>
Blacknall Grant	\$ 5,000	\$ 1,750
Christ Presbyterian Grant	-	15,000
Cornerstone Trust	4,400	7,227
First Fruit	77	-
Anonymous	33,035	-
Crowell Trust	3,241	11,944
Lane Grant	43,505	208,001
Tyndale House Foundation	-	14,499
Westwood Endowment	2,934	26,328
Willow Creek	-	9
Justice Initiative Endowment Fund	195,539	-
Total Net Assets With Donor Restrictions	<u>\$ 287,731</u>	<u>\$ 284,758</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, 2021 and 2020, approximately \$251,179 and \$175,000, respectively, was received from organizations and 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, 2021 and 2020, 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, 2021, 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, 2021, the Organization received shares of stock which were cash in upon receipt. The cash settlement for the stock sold amounted to \$689,080.

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.

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 May 18, 2022 and has determined that no events have occurred that are required to be recognized or disclosed in the financial statements as of September 30, 2021.

Note G – 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.

On May 13, 2021, the loan was forgiven and the is reflected in Revenue on the Statement of Activities and Changes in Net Assets.

Note H – Commitments and Contingencies

Office Rent

The Organization leased office space under an operating lease during the that was terminated during the year ended September 30, 2021. Rent expense was \$10,455 and \$2,907 for the years ended September 30, 2021 and 2020, respectively.

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 did not have a significant impact on the Organization and its operations, the future impact on the Organization cannot be predicted.

Note I – 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>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$444,727	\$406,015
Investment – Justice Initiative Endowment Fund	195,539	-
Accounts Receivable	-	-
Less: Funds unavailable for general expenditures within one year due to Donor-imposed restrictions	<u>(287,731)</u>	<u>(284,758)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$352,535</u>	<u>\$ 121,257</u>

Note J – Recent Accounting Pronouncements

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.

Note K – Fair Value Measurements

In accordance with U.S. GAAP, the organization uses the following three prioritized levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

- Level 1 Observable inputs that reflect quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurement of the assets and liabilities. Including assumption of risk, such as bid/ ask spreads and liquidity discounts.

The Organization's investments at fair value at September 30, 2021 represent the Justice Initiative Endowment Fund and consist of the following:

	Fair Value Measurements at September 30, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks Carried at Fair Value	\$ 194,124	\$ -	\$ -	\$ 194,125
Deposit Account *				1,414
Total				<u>\$ 195,539</u>

*Cash and deposit accounts included in the investment portfolio are not subject to provisions of fair value measurements as they are recorded at cost.

Note L – Endowment

The Organization established an endowment for the purpose of giving perpetual support to Justice Initiative Program. The endowment fund is named the Justice Initiative Endowment Fund (JIEF). The endowment was funded from a grant and matching donation from Congo Initiative USA, Inc. (the Organization).

The Organization's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, this classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. The net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

Investment income from the donor restricted endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a matter consistent with stipulated purposes within the Statement of Investment Policy established by the Organization. The general guidelines of the Statement of Investment Policy state endowment funds should be invested in a manner that preserves capital, averts risk and adheres to investment discipline.

Note L – Endowment (Continued)

Changes in the endowment net assets (all donor restricted) for the year ended September 30, 2021:

Endowment net assets, beginning of year	\$ -
Donor restricted donations	201,567
Investment income	1,108
Net investment gain (loss)	(7,038)
Investment fees	(98)
Appropriation of endowment assets for expenditure	-
	<u>\$ 195,539</u>

As of September 30, 2021, the endowment is considered to be underwater endowment as the fair market value has fallen below the original gift amount.