

**CONGO INITIATIVE USA, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

**CONGO INITIATIVE USA, INC.**

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# **JANKINS JABLONSKI LLC**

*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Congo Initiative USA, Inc.  
(A Non-Profit Organization)

### **Opinion**

We have audited the accompanying financial statements of Congo Initiative USA, Inc. (A Non-Profit Organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Congo Initiative USA, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Congo Initiative USA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Congo Initiative USA, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Congo Initiative USA, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



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

February 6, 2023

**CONGO INITIATIVE USA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 373,742
Endowment Investment	170,240
Other Current Assets	<u>3,432</u>
Total Current Assets	<u>547,414</u>

**OTHER ASSETS**

Deposits	<u>-</u>
Total Other Assets	<u>-</u>

TOTAL ASSETS	<u><u>\$ 547,414</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 19,515
Accrued Current Liabilities	<u>17,589</u>
Total Current Liabilities	<u>37,104</u>

**LONG TERM LIABILITIES**

Loans	<u>-</u>
Total Long Term Liabilities	<u>-</u>
Total Liabilities	<u>37,104</u>

**NET ASSETS**

Net Assets Without Donor Restrictions	132,886
Net Assets With Donor Restrictions	<u>377,424</u>
Total Net Assets	<u>510,310</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 547,414</u></u>
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See Notes to Financial Statements

**CONGO INITIATIVE USA, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	2022		
	Without Donor Restriction	With Donor Restrictions	Total
<b>REVENUE</b>			
Contributions (Individuals & Churches)	\$ 431,513	1,190	\$ 432,703
Organizational Donations & Grant Income	16,195	269,000	285,195
In Kind Contributions	18,478	355,813	374,291
Investment Income, Net of Fees	-	8,765	8,765
Investment Realized/ Unrealized Loss	-	(30,564)	(30,564)
Other Revenue	2,929	-	2,929
<b>Total Revenue</b>	<u>469,115</u>	<u>604,204</u>	<u>1,073,319</u>
<b>EXPENSES</b>			
Program Service Expenses			
Education and Leadership Development	816,983	-	816,983
Community Transformation Initiatives	101,800	-	101,800
Facilities & Infrastructure	47,000	-	47,000
Partnership & Development	4,710	-	4,710
Total Program Expenses	<u>970,493</u>	<u>-</u>	<u>970,493</u>
Supporting Services			
Management & General Expenses	213,469	-	213,469
Fundraising Expenses	23,569	-	23,569
Total Supporting Services	<u>237,038</u>	<u>-</u>	<u>237,038</u>
<b>Total Expenses</b>	<u>1,207,531</u>	<u>-</u>	<u>1,207,531</u>
CHANGE IN NET ASSETS BEFORE ASSETS RELEASED FROM RESTRICTED	(738,416)	604,204	(134,212)
<b>NET ASSETS RELEASED FROM RESTRICTED</b>	<u>514,511</u>	<u>(514,511)</u>	<u>-</u>
CHANGE IN NET ASSETS Before Adjustment	(223,905)	89,693	(134,212)
Net Assets, Beginning of Year	<u>356,791</u>	<u>287,731</u>	<u>644,522</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 132,886</u>	<u>\$ 377,424</u>	<u>\$ 510,310</u>

See Notes to Financial Statements

CONGO INITIATIVE USA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Service				Supporting Services				
	Education & Leadership Development	Community Transformation Initiatives	Facilities & Infrastructure	Partnership Development & Capacity Building	Total Program Services	Management & General	Fundraising	Supporting Services	Total Expenses
EXPENSES									
Grants to CI-UCBC	\$ 670,161	\$ 101,800	\$ 47,000	\$ 4,710	\$ 823,671	\$ -	\$ -	\$ -	\$ 823,671
Tuition and Educational Assistance	41,145	-	-	-	41,145	-	-	-	41,145
Leadership & Development Expense	46,625	-	-	-	46,625	-	-	-	46,625
Salaries	41,057	-	-	-	41,057	120,642	-	120,642	161,699
Health Insurance	-	-	-	-	-	13,767	-	13,767	13,767
Retirement Benefits	-	-	-	-	-	3,831	-	3,831	3,831
Payroll Taxes	937	-	-	-	937	2,810	-	2,810	3,747
Payroll Processing	-	-	-	-	-	1,523	-	1,523	1,523
Consulting	-	-	-	-	-	14,316	-	14,316	14,316
Staff / Volunteer Support & Development	-	-	-	-	-	518	-	518	518
Software & Technology	-	-	-	-	-	3,953	3,352	7,305	7,305
Insurance	-	-	-	-	-	885	-	885	885
Accounting & Auditing Fees	-	-	-	-	-	30,850	-	30,850	30,850
Office Expense	-	-	-	-	-	3,634	1,211	4,845	4,845
Marketing & Media	-	-	-	-	-	-	18,111	18,111	18,111
Bank, Credit Card & Processing Fees	-	-	-	-	-	1,876	-	1,876	1,876
Dues, Subscriptions, & Miscellaneous Fees	-	-	-	-	-	2,685	895	3,580	3,580
Travel	17,058	-	-	-	17,058	-	-	-	17,058
Events	-	-	-	-	-	7,623	-	7,623	7,623
Miscellaneous	-	-	-	-	-	4,556	-	4,556	4,556
TOTAL FUNCTIONAL EXPENSES	\$ 816,983	\$ 101,800	\$ 47,000	\$ 4,710	\$ 970,493	\$ 213,469	\$ 23,569	\$ 237,038	\$ 1,207,531

See Notes to Financial Statements

**CONGO INITIATIVE USA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (134,212)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Change in Value of Endowment Fund	21,799
(Increase) Decrease in Accounts Receivable	-
(Increase) Decrease in Other Current Assets	(3,432)
(Increase) Decrease in Security Deposits	-
Increase (Decrease) in Accounts Payable & Current Liabilities	<u>36,804</u>
Net Cash Provided by Operating Activities	<u>(79,041)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Expenditure from Endowment	3,500
Fixed Asset Disposals	<u>4,556</u>
Net Cash Provided by Investing Activities	<u>8,056</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from Loan	<u>-</u>
Net Cash Provided by Financing Activities	<u>-</u>

Net Increase (Decrease) in Cash and Cash Equivalents	(70,985)
Cash and Cash Equivalents at Beginning of Year	<u>444,727</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 373,742</u></u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Noncash Contributions:	
Donated Stock	<u><u>\$ 374,291</u></u>



**CONGO INITIATIVE USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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.

**CONGO INITIATIVE USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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>2022</u>
First Fruit	\$ 60,077
Anonymous	1,977
Crowell Trust	15,853
Anonymous Grant	89,277
Optivest Foundation	40,000
Justice Initiative Endowment Fund	<u>170,240</u>
Total Net Assets With Donor Restrictions	<u>\$ 377,424</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 period ending September 30, 2022, approximately \$285,195, 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, 2022, 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.

**CONGO INITIATIVE USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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, 2022, 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, 2022, the Organization received shares of stock which were cash in upon receipt. The cash settlement for the stock sold amounted to \$374,291.

**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 6, 2023 and has determined that no events have occurred that are required to be recognized or disclosed in the financial statements as of September 30, 2022.

**Note F – Commitments and Contingencies**

**COVID-19 Pandemic**

The World Health Organization declared the novel coronavirus, COVID-19, a global pandemic in March 2020. Since the declaration, the Organization has closely monitored 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.

**CONGO INITIATIVE USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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.

The following represents the Organization's financial assets as of September 30, 2022:

Cash and Cash Equivalents	\$ 373,742
Investment – Justice Initiative Endowment Fund	170,240
Less: Funds unavailable for general expenditures within one year due to Donor-imposed restrictions	<u>(377,424)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 166,558</u>

**Note H – 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, 2022 represent the Justice Initiative Endowment Fund and consist of the following:

		<b>Fair Value Measurements at September 30, 2022</b>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks	Carried at Fair Value	\$ 166,578	\$ -	\$ -	\$ 166,578
Deposit Account *		3,662			3,662
	Total				<u>\$ 170,240</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.

**CONGO INITIATIVE USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**Note I – 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.

Changes in the endowment net assets (all donor restricted) for the year ended September 30, 2022:

Endowment net assets, beginning of year	\$ 195,539
Donor restricted donations	-
Investment income	9,922
Net investment gain (loss)	(30,564)
Investment fees	(1,157)
Appropriation of endowment assets for expenditure	(3,500)
	<u>\$ 170,240</u>

As of September 30, 2022, the endowment is considered to be underwater endowment as the fair market value has fallen below the original gift amount.

**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.