

CORPSAFRICA

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

DECEMBER 31, 2016 AND 2015

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Independent Auditor's Report

To the Board of Directors
CorpsAfrica
Washington, DC

We have audited the accompanying financial statements of CorpsAfrica, a nonprofit organization, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 CorpsAfrica as of December 31, 2016 and 2015, 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.

James Harrison & McQuade PA

Washington, DC
September 20, 2017

CORPSAFRICA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 42,564	\$ 89,038
Grants receivable, net	181,065	666,100
Contributions receivable	9,718	7,350
Prepaid expenses and advances	7,735	5,680
Total Current Assets	241,082	768,168
TOTAL ASSETS	\$ 241,082	\$ 768,168
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accrued expenses	\$ 26,422	\$ 4,775
Total Current Liabilities	26,422	4,775
NET ASSETS		
Unrestricted	60,374	97,293
Temporarily restricted	154,286	666,100
Total Net Assets	214,660	763,393
TOTAL LIABILITIES AND NET ASSETS	\$ 241,082	\$ 768,168

The accompanying notes are an integral part of these financial statements.

CORPSAFRICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 65,063	\$ -	\$ 65,063
Fundraising events income	48,680	-	48,680
In-kind	79,000	-	79,000
Other income	19	-	19
Net assets released from restrictions	511,814	(511,814)	-
Total Revenue and Support	<u>704,576</u>	<u>(511,814)</u>	<u>192,762</u>
EXPENSES			
Program Services:			
United States	192,127	-	192,127
Malawi	179,685	-	179,685
Senegal	153,057	-	153,057
Total Program Services	<u>524,869</u>	<u>-</u>	<u>524,869</u>
Support Services:			
General and administrative	178,247	-	178,247
Fundraising	38,379	-	38,379
Total Support Services	<u>216,626</u>	<u>-</u>	<u>216,626</u>
Total Expenses	<u>741,495</u>	<u>-</u>	<u>741,495</u>
CHANGE IN NET ASSETS	(36,919)	(511,814)	(548,733)
NET ASSETS, beginning of year	<u>97,293</u>	<u>666,100</u>	<u>763,393</u>
NET ASSETS, end of year	<u>\$ 60,374</u>	<u>\$ 154,286</u>	<u>\$ 214,660</u>

The accompanying notes are an integral part of these financial statements.

CORPSAFRICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grants	\$ -	\$ 839,500	\$ 839,500
Contributions	64,387	-	64,387
Fundraising events income	16,045	-	16,045
In-kind	16,250	-	16,250
Other income	216	-	216
Net assets released from restrictions	173,400	(173,400)	-
Total Revenue and Support	270,298	666,100	936,398
EXPENSES			
Program Services:			
United States	73,164	-	73,164
Malawi	42,349	-	42,349
Senegal	30,788	-	30,788
Total Program Services	146,301	-	146,301
Support Services:			
General and administrative	51,152	-	51,152
Fundraising	17,531	-	17,531
Total Support Services	68,683	-	68,683
Total Expenses	214,984	-	214,984
CHANGE IN NET ASSETS	55,314	666,100	721,414
NET ASSETS, beginning of year	41,979	-	41,979
NET ASSETS, end of year	\$ 97,293	\$ 666,100	\$ 763,393

The accompanying notes are an integral part of these financial statements.

CORPSAFRICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services			Total Program Services	Support Services		Total
	United States	Malawi	Senegal		General and Administrative	Fundraising	
Salaries	\$ 36,200	\$ 74,412	\$ 70,390	\$ 181,002	\$ 12,066	\$ 8,045	\$ 201,113
Payroll taxes	4,150	-	-	4,150	1,300	1,048	6,498
Employee benefits	8,530	3,345	-	11,875	2,711	1,003	15,589
Sub-Total Personnel Costs	48,880	77,757	70,390	197,027	16,077	10,096	223,200
Accounting and audit	-	-	-	-	23,732	-	23,732
Bad debt	-	-	-	-	68,435	-	68,435
Bank fees	-	10,871	1,138	12,009	632	-	12,641
Consultants	-	4,015	-	4,015	-	-	4,015
Event cost	-	-	-	-	-	7,063	7,063
Information technology	-	2,941	595	3,536	1,077	-	4,613
Marketing	-	-	-	-	-	5,776	5,776
Meetings	-	-	-	-	49,134	-	49,134
Postage	-	-	-	-	696	-	696
Printing	-	500	528	1,028	448	-	1,476
Professional fees	71,240	-	-	71,240	-	-	71,240
Rent	19,160	1,686	19,000	39,846	6,000	4,840	50,686
Supplies and miscellaneous	-	1,613	4,219	5,832	1,986	4,592	12,410
Taxes and licenses	-	3,230	92	3,322	-	-	3,322
Telephone	-	658	907	1,565	270	-	1,835
Travel	25,792	20,800	3,580	50,172	-	-	50,172
Utilities	-	-	-	-	741	-	741
Volunteers travel	27,055	55,614	52,608	135,277	9,019	6,012	150,308
Total Expenses	<u>\$ 192,127</u>	<u>\$ 179,685</u>	<u>\$ 153,057</u>	<u>\$ 524,869</u>	<u>\$ 178,247</u>	<u>\$ 38,379</u>	<u>\$ 741,495</u>

The accompanying notes are an integral part of these financial statements.

CORPSAFRICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services			Total Program Services	Support Services		Total
	United States	Malawi	Senegal		General and Administrative	Fundraising	
Salaries	\$ -	\$ 23,765	\$ 23,783	\$ 47,548	\$ 19,804	\$ 11,882	\$ 79,234
Payroll taxes	-	2,183	2,183	4,366	1,819	1,092	7,277
Employee benefits	-	1,253	1,253	2,506	1,044	626	4,176
Sub-Total Personnel Costs	-	27,201	27,219	54,420	22,667	13,600	90,687
Accounting and audit	-	-	-	-	7,530	-	7,530
Bank fees	-	-	-	-	1,024	-	1,024
Consultants	-	334	-	334	-	-	334
Dues and subscriptions	-	-	-	-	35	-	35
Event cost	-	-	-	-	-	2,548	2,548
Information technology	-	159	165	324	1,420	-	1,744
Marketing	-	-	-	-	3,319	-	3,319
Meetings	-	-	40	40	1,048	-	1,088
Postage	-	-	37	37	271	-	308
Printing	-	108	34	142	577	-	719
Professional fees	17,500	11,533	210	29,243	6,284	840	36,367
Rent	9,750	-	-	9,750	6,500	-	16,250
Supplies and miscellaneous	8,525	70	179	8,774	387	543	9,704
Taxes and licenses	-	1,318	205	1,523	-	-	1,523
Telephone	-	163	223	386	30	-	416
Travel	27,126	1,463	1,786	30,375	-	-	30,375
Utilities	-	-	690	690	60	-	750
Volunteers travel	10,263	-	-	10,263	-	-	10,263
Total Expenses	<u>\$ 73,164</u>	<u>\$ 42,349</u>	<u>\$ 30,788</u>	<u>\$ 146,301</u>	<u>\$ 51,152</u>	<u>\$ 17,531</u>	<u>\$ 214,984</u>

The accompanying notes are an integral part of these financial statements.

CORPSAFRICA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (548,733)	\$ 721,414
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Bad debt	68,435	-
Decrease (increase) in assets:		
Grants receivable, net	416,600	(666,100)
Contributions receivable	(2,368)	16,350
Prepaid and advances	(2,055)	(1,007)
Increase (decrease) in liabilities:		
Accrued expenses	21,647	4,775
Net Cash (Used in) Provided by Operating Activities	<u>(46,474)</u>	<u>75,432</u>
NET CHANGE IN CASH	(46,474)	75,432
CASH, beginning of year	<u>89,038</u>	<u>13,606</u>
CASH, end of year	<u><u>\$ 42,564</u></u>	<u><u>\$ 89,038</u></u>

The accompanying notes are an integral part of these financial statements.

CORPSAFRICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE A – NATURE OF THE ORGANIZATION

CorpsAfrica is a nonprofit organization incorporated in the state of New York in 2011 that seeks to build on Peace Corps’ success by offering the same transformative volunteer experience to emerging leaders in Africa. CorpsAfrica recruits and places ambitious Africans in remote, high poverty communities in their own countries for a year, giving them the chance to be a part of the solution for their own countries. CorpsAfrica volunteers initiate sustainable projects that fulfill key needs in their communities and whose impact and success can be carefully measured and monitored. CorpsAfrica currently operates in Senegal, Morocco and Malawi.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. Therefore, revenues and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Presentation

Financial statement presentation follows Financial Standards Accounting Board (“FASB”) Accounting Standards Codification (“ASC”) Topic *Not-for-Profit Entities*. In accordance with this topic, CorpsAfrica is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, the net assets of CorpsAfrica and changes therein, are classified and reported as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met by either actions of the CorpsAfrica and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by CorpsAfrica. There were no permanently restricted net assets as of December 31, 2016 and 2015.

CORPSAFRICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

In-Kind Contributions

Donated services are recognized at their fair value if the service requires specialized skills and the services would typically need to be purchased, if not donated. Contributed services that do not meet the above criteria are not recognized.

In-kind contributions represent donated office space recorded and donated services at fair value. For the years ended December 31, 2016 and 2015, in-kind rent totaled \$49,000 and \$16,250, respectively. Donated services for the years ended December 31, 2016 and 2015, totaled \$30,000 and \$0, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Grants, and Contributions Receivable

Grants and contributions receivables are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful grants and contributions is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. As of December 31, 2016 and 2015, the allowance for doubtful accounts was \$68,435 and \$0, respectively.

Revenue Recognition

Unconditional grants and contributions are recorded as revenue in the year notification is received from the donor. Grants and contributions received with donor restrictions are recorded as temporarily or permanently restricted revenue based on donor intent. Expirations of temporary restrictions are reported as reclassifications from temporarily net assets to unrestricted net assets.

Foreign Currency Translation

Substantially all assets and liabilities of the CorpsAfrica operations are translated at year-end exchange rates; support and revenue and expenses are translated at the average exchange rates during the year.

CORPSAFRICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign Currency Translation - continued

Gains and losses from foreign currency translation for the period are included in the statement of activities.

Functional Allocation of Expenses

CorpsAfrica allocates expenses on a functional basis among their various programs and support services. The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services that benefited from such costs.

Reclassifications

Certain amounts for December 31, 2015 have been reclassified to conform to the current year presentation. The reclassification had no effect on previously reported net assets or change in net assets.

NOTE C – INCOME TAXES

CorpsAfrica is recognized as a 501(c)(3) organization exempt from federal income tax, under Section 501(a) of the Internal Revenue Code. CorpsAfrica is, however, subject to tax on business income unrelated to its exempt purpose.

CorpsAfrica believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements of that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

CorpsAfrica's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. CorpsAfrica's Form 990 for the years 2013 through 2015 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

CORPSAFRICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(continued)

NOTE D – TEMPORARILY RESTRICTED NET ASSETS

CorpsAfrica’s net assets were temporarily restricted for the following programs as of

	2016	2015
United States	\$ 32,793	\$ 156,100
Senegal	50,672	255,000
Malawi	70,821	255,000
Total	\$ 154,286	\$ 666,100

NOTE E – RETIREMENT PLAN

CorpsAfrica established a 401(k) Profit Sharing Plan and Trust (the “Plan”) and is offered to employees who are 21 years of age or older. Employees of age are immediately eligible for the Plan and can defer up to the maximum allowable amount imposed by the Internal Revenue Code. Participants are eligible for a discretionary employer match upon completion of four months of service. During the years ended December 31, 2016 and 2015, CorpsAfrica did not make a discretionary matching contribution.

NOTE F – CONCENTRATION OF REVENUE

CorpsAfrica received a substantial amount of grant funding from a single donor during the year ended December 31, 2015. A significant reduction in this level of support, if it were to occur, could have a significant effect on CorpsAfrica’s programs and activities.

NOTE G – SUBSEQUENT EVENTS

In preparing these financial statements, CorpsAfrica’s management has evaluated events and transactions for potential recognition or disclosure through September 20, 2017, the date the financial statements were available to be issued. During February 2017, CorpsAfrica secured a loan from an unrelated party for \$100,000 for operations. During September 2017, CorpsAfrica was awarded a grant agreement for \$908,400 over a fourteen month period. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.