

CORPSAFRICA

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

DECEMBER 31, 2017 AND 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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 Maruca & McQuade PA

Washington, DC
September 25, 2018

CORPSAFRICA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 61,030	\$ 42,564
Grants receivable, net	-	181,065
Accounts receivable	51,598	-
Contributions receivable	16,412	9,718
Prepaid expenses and advances	4,504	7,735
Total Current Assets	133,544	241,082
TOTAL ASSETS	\$ 133,544	\$ 241,082
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 11,651	\$ 26,422
Note payable, current portion	40,000	-
Total Current Liabilities	51,651	26,422
NON-CURRENT LIABILITIES		
Note payable, net of current portion	55,000	-
Total Liabilities	106,651	26,422
NET ASSETS		
Unrestricted	4,393	60,374
Temporarily restricted	22,500	154,286
Total Net Assets	26,893	214,660
TOTAL LIABILITIES AND NET ASSETS	\$ 133,544	\$ 241,082

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

CORPSAFRICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contract revenue	\$ 278,698	\$ -	\$ 278,698
Contributions	151,715	69,220	220,935
In-kind	45,000	-	45,000
Interest and other income	368	-	368
Loss on foreign currency exchange	(3,754)	-	(3,754)
Net assets released from restrictions	201,006	(201,006)	-
Total Revenue and Support	<u>673,033</u>	<u>(131,786)</u>	<u>541,247</u>
EXPENSES			
Program Services:			
United States	114,003	-	114,003
Malawi	202,076	-	202,076
Senegal	191,173	-	191,173
Total Program Services	<u>507,252</u>	<u>-</u>	<u>507,252</u>
Support Services:			
General and administrative	199,212	-	199,212
Fundraising	22,550	-	22,550
Total Support Services	<u>221,762</u>	<u>-</u>	<u>221,762</u>
Total Expenses	<u>729,014</u>	<u>-</u>	<u>729,014</u>
CHANGE IN NET ASSETS	(55,981)	(131,786)	(187,767)
NET ASSETS, beginning of year	<u>60,374</u>	<u>154,286</u>	<u>214,660</u>
NET ASSETS, end of year	<u>\$ 4,393</u>	<u>\$ 22,500</u>	<u>\$ 26,893</u>

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	183,087	-	183,087
Fundraising	33,539	-	33,539
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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services				Support Services			Total
	United States	Malawi	Senegal	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Salaries	\$ 35,882	\$ 73,757	\$ 69,770	\$ 179,409	\$ 11,959	\$ 7,974	\$ 19,933	\$ 199,342
Payroll taxes	5,022	-	-	5,022	2,511	314	2,825	7,847
Employee benefits	7,545	3,258	-	10,803	3,772	472	4,244	15,047
Sub-Total Personnel Costs	48,449	77,015	69,770	195,234	18,242	8,760	27,002	222,236
Accounting and audit	-	-	-	-	22,304	-	22,304	22,304
Bad debt	-	-	-	-	117,135	-	117,135	117,135
Bank fees	-	658	427	1,085	962	-	962	2,047
Consultants	2,700	2,370	-	5,070	-	-	-	5,070
Dues and subscriptions	-	-	-	-	3,294	-	3,294	3,294
Event cost	-	-	-	-	-	2,196	2,196	2,196
Insurance	-	129	-	129	9,682	-	9,682	9,811
Information technology	-	1,502	1,455	2,957	190	-	190	3,147
In-kind rent	19,100	-	10,500	29,600	6,060	4,840	10,900	40,500
In-kind services	4,500	-	-	4,500	-	-	-	4,500
Marketing	-	-	-	-	-	1,594	1,594	1,594
Meetings	-	-	-	-	6,165	-	6,165	6,165
Postage	-	-	-	-	227	-	227	227
Printing	-	139	147	286	124	-	124	410
Professional fees	13,156	-	223	13,379	3,934	-	3,934	17,313
Rent	-	6,167	1,799	7,966	-	-	-	7,966
Supplies and miscellaneous	1,118	1,613	4,219	6,950	1,360	4,592	5,952	12,902
Taxes and licenses	-	-	-	-	2,745	-	2,745	2,745
Telephone	-	658	907	1,565	246	-	246	1,811
Training	5,015	-	-	5,015	-	-	-	5,015
Travel	9,091	1,920	3,075	14,086	4,547	568	5,115	19,201
Utilities	-	-	-	-	1,112	-	1,112	1,112
Volunteers expenses	10,874	109,905	98,651	219,430	-	-	-	219,430
Website	-	-	-	-	883	-	883	883
Total Expenses	<u>\$ 114,003</u>	<u>\$ 202,076</u>	<u>\$ 191,173</u>	<u>\$ 507,252</u>	<u>\$ 199,212</u>	<u>\$ 22,550</u>	<u>\$ 221,762</u>	<u>\$ 729,014</u>

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

CORPSAFRICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services				Support Services			
	United States	Malawi	Senegal	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Salaries	\$ 36,200	\$ 74,412	\$ 70,390	\$ 181,002	\$ 12,066	\$ 8,045	\$ 20,111	\$ 201,113
Payroll taxes	4,150	-	-	4,150	1,300	1,048	2,348	6,498
Employee benefits	8,530	3,345	-	11,875	2,711	1,003	3,714	15,589
Sub-Total Personnel Costs	48,880	77,757	70,390	197,027	16,077	10,096	26,173	223,200
Accounting and audit	-	-	-	-	23,732	-	23,732	23,732
Bad debt	-	-	-	-	68,435	-	68,435	68,435
Bank fees	-	10,871	1,138	12,009	632	-	632	12,641
Consultants	-	4,015	-	4,015	-	-	-	4,015
Event cost	-	-	-	-	-	7,063	7,063	7,063
Information technology	-	2,941	595	3,536	1,077	-	1,077	4,613
In-kind rent	19,160	-	19,000	38,160	10,840	-	10,840	49,000
In-kind services	30,000	-	-	30,000	0	-	-	30,000
Marketing	-	-	-	-	-	5,776	5,776	5,776
Meetings	-	-	-	-	49,134	-	49,134	49,134
Postage	-	-	-	-	696	-	696	696
Printing	-	500	528	1,028	448	-	448	1,476
Professional fees	41,240	-	-	41,240	-	-	-	41,240
Rent	-	1,686	-	1,686	-	-	-	1,686
Supplies and miscellaneous	-	1,613	4,219	5,832	1,986	4,592	6,578	12,410
Taxes and licenses	-	3,230	92	3,322	-	-	-	3,322
Telephone	-	658	907	1,565	270	-	270	1,835
Travel	25,792	20,800	3,580	50,172	-	-	-	50,172
Utilities	-	-	-	-	741	-	741	741
Volunteers expenses	27,055	55,614	52,608	135,277	9,019	6,012	15,031	150,308
Total Expenses	<u>\$ 192,127</u>	<u>\$ 179,685</u>	<u>\$ 153,057</u>	<u>\$ 524,869</u>	<u>\$ 183,087</u>	<u>\$ 33,539</u>	<u>\$ 216,626</u>	<u>\$ 741,495</u>

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

CORPSAFRICA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (187,767)	\$ (548,733)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Bad debt	117,135	68,435
Decrease (increase) in assets:		
Grants receivable, net	63,930	416,600
Accounts receivable	(51,598)	-
Contributions receivable	(6,694)	(2,368)
Prepaid and advances	3,231	(2,055)
Increase (decrease) in liabilities:		
Accrued expenses	(14,771)	21,647
Net Cash Used for Operating Activities	(76,534)	(46,474)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	100,000	-
Principal payments on loan payable	(5,000)	-
Net Cash Provided by Financing Activities	95,000	-
NET CHANGE IN CASH	18,466	(46,474)
CASH AND CASH EQUIVLENTS , beginning of year	42,564	89,038
CASH AND CASH EQUIVLENTS , end of year	\$ 61,030	\$ 42,564

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

CORPSAFRICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

The 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, 2017 and 2016.

CORPSAFRICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, CorpsAfrica considers all money market accounts and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Grants, Contributions and Accounts Receivable

Grants, contributions and accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful grants, contributions and accounts receivable 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, 2017 and 2016, there was no allowance for doubtful accounts.

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.

Contract revenue is recognized as the related costs are incurred. Revenue from program service fees is recognized when the service is provided.

CORPSAFRICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(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 and donated services at fair market value. For the years ended December 31, 2017 and 2016, in-kind rent totaled \$40,500 and \$49,000, respectively. Donated services for the years ended December 31, 2017 and 2016, totaled \$4,500 and \$30,000, respectively.

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.

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 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, 2016 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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE C – INCOME TAXES - continued

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 2014 through 2016 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.

NOTE D – TEMPORARILY RESTRICTED NET ASSETS

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

	2017	2016
United States	\$ -	\$ 32,793
Senegal	-	50,672
Malawi	22,500	70,821
Total	\$ 22,500	\$ 154,286

NOTE E – NOTE PAYABLE

On February 10, 2017, CorpsAfrica signed a note with Silicon Valley Community Foundation via Open Road Alliance. The principal amount of \$100,000 was originally to be paid back in May 2017. The due date was extended to May 2018 for the remaining balance of \$95,000. The note is non-interest bearing. Principal monthly payments under the note total \$5,000, effective May 2018 through November 2019.

Future minimum payments on the note are as follows as of December 31:

2018	\$ 40,000
2019	55,000
Total	\$ 95,000

CORPSAFRICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE F – RETIREMENT PLAN

CorpsAfrica has a 401(k) Profit Sharing Plan and Trust (the “Plan”) offered to employees who are 21 years of age or older. Eligible employees 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, 2017 and 2016, CorpsAfrica did not make a discretionary matching contribution.

NOTE G – CONCENTRATION OF REVENUE

CorpsAfrica received a substantial amount of funding from a single source during the year ended December 31, 2017. During the year ended December 31, 2017, approximately 51% of total revenue and support was derived from this source. A significant reduction in funding from this source, if it were to occur, could have a significant effect on CorpsAfrica’s programs and activities.

NOTE H – SUBSEQUENT EVENTS

In preparing these financial statements, CorpsAfrica’s management has evaluated events and transactions for potential recognition or disclosure through September 25, 2018, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.