

CORPSAFRICA

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

DECEMBER 31, 2018 AND 2017

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR’S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statement of Activities – Year Ended December 31, 2018	4
Statement of Activities – Year Ended December 31, 2017	5
Statement of Functional Expenses – Year Ended December 31, 2018	6
Statement of Functional Expenses – Year Ended December 31, 2017	7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 13



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, 2018 and 2017, 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, 2018 and 2017, 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 Marston & McQuade PA

Washington, DC
October 17, 2019

CORPSAFRICA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 184,696	\$ 61,030
Accounts receivable, net of allowance	206,112	51,598
Contributions receivable	12,451	16,412
Prepaid expenses and advances	10,867	4,504
Total Current Assets	414,126	133,544
TOTAL ASSETS	\$ 414,126	\$ 133,544
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,391	\$ 11,651
Deferred revenue	41,461	-
Note payable, current portion	55,000	40,000
Total Current Liabilities	97,852	51,651
NON-CURRENT LIABILITIES		
Note payable, net of current portion	-	55,000
Total Liabilities	97,852	106,651
NET ASSETS		
Without donor restrictions	234,344	4,393
With donor restrictions	81,930	22,500
Total Net Assets	316,274	26,893
TOTAL LIABILITIES AND NET ASSETS	\$ 414,126	\$ 133,544

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

CORPSAFRICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contract revenue	\$ 888,414	\$ -	\$ 888,414
Contributions	209,698	109,930	319,628
In-kind	30,000	-	30,000
Interest and other income	5,366	-	5,366
Loss on foreign currency exchange	(3,006)	-	(3,006)
Net assets released from restrictions	50,500	(50,500)	-
Total Revenue and Support	<u>1,180,972</u>	<u>59,430</u>	<u>1,240,402</u>
EXPENSES			
Program Services:			
Malawi	305,186	-	305,186
Senegal	261,368	-	261,368
United States	149,177	-	149,177
Rwanda	51,504	-	51,504
Morocco	23,381	-	23,381
Total Program Services	<u>790,616</u>	<u>-</u>	<u>790,616</u>
Support Services:			
General and administrative	120,120	-	120,120
Fundraising	40,285	-	40,285
Total Support Services	<u>160,405</u>	<u>-</u>	<u>160,405</u>
Total Expenses	<u>951,021</u>	<u>-</u>	<u>951,021</u>
CHANGE IN NET ASSETS	229,951	59,430	289,381
NET ASSETS, beginning of year	<u>4,393</u>	<u>22,500</u>	<u>26,893</u>
NET ASSETS, end of year	<u>\$ 234,344</u>	<u>\$ 81,930</u>	<u>\$ 316,274</u>

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

CORPSAFRICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</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:			
Malawi	202,076	-	202,076
Senegal	191,173	-	191,173
United States	114,003	-	114,003
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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

							Support Services			Total
	Malawi	Senegal	United States	Rwanda	Morocco	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Salaries	\$ 47,380	\$ 66,021	\$ 62,406	\$ 22,384	\$ -	\$ 198,191	\$ 26,882	\$ 14,950	\$ 41,832	\$ 240,023
Payroll taxes	-	-	4,250	-	-	4,250	1,214	607	1,821	6,071
Employee benefits	-	11	7,233	-	-	7,244	2,067	1,034	3,101	10,345
Sub-Total Personnel Costs	47,380	66,032	73,889	22,384	-	209,685	30,163	16,591	46,754	256,439
Accounting and audit	-	-	-	-	-	-	11,350	-	11,350	11,350
Bad debt	-	-	-	-	-	-	51,598	-	51,598	51,598
Bank fees	686	352	692	736	212	2,678	329	187	516	3,194
Consultants	4,500	590	24,060	-	1,684	30,834	500	-	500	31,334
Dues and subscriptions	-	-	167	-	-	167	1,979	238	2,217	2,384
Event cost	-	-	-	-	-	-	-	9,593	9,593	9,593
Insurance	-	-	3,270	954	-	4,224	934	467	1,401	5,625
Information technology	4,701	1,064	1,617	518	-	7,900	881	510	1,391	9,291
In-kind rent	-	-	21,000	-	-	21,000	6,000	3,000	9,000	30,000
Marketing	-	-	-	-	-	-	-	1,046	1,046	1,046
Meetings	-	-	-	-	-	-	2,723	-	2,723	2,723
Postage	-	-	-	-	-	-	732	-	732	732
Printing	-	-	-	-	-	-	-	1,625	1,625	1,625
Professional fees	5,148	-	6,936	295	23	12,402	2,342	1,238	3,580	15,982
Rent	4,069	5,421	-	2,070	-	11,560	-	1,284	1,284	12,844
Supplies and miscellaneous	5,759	5,439	1,107	2,229	744	15,278	1,261	788	2,049	17,327
Taxes and licenses	-	-	-	-	-	-	2,010	-	2,010	2,010
Telephone	1,073	1,625	-	105	417	3,220	215	143	358	3,578
Training	-	-	4,521	564	190	5,275	1,343	679	2,022	7,297
Travel	109	5,854	11,273	10,140	12,004	39,380	5,094	2,860	7,954	47,334
Utilities	-	816	-	-	-	816	55	36	91	907
Volunteers expenses	231,761	174,175	645	11,509	8,107	426,197	-	-	-	426,197
Website	-	-	-	-	-	-	611	-	611	611
Total Expenses	\$ 305,186	\$ 261,368	\$ 149,177	\$ 51,504	\$ 23,381	\$ 790,616	\$ 120,120	\$ 40,285	\$ 160,405	\$ 951,021

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

CORPSAFRICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Support Services							
	Malawi	Senegal	United States	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Salaries	\$ 73,757	\$ 69,770	\$ 35,882	\$ 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	3,258	-	7,545	10,803	3,772	472	4,244	15,047
Sub-Total Personnel Costs	77,015	69,770	48,449	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	2,370	-	2,700	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	-	10,500	19,100	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	-	223	13,156	13,379	3,934	-	3,934	17,313
Rent	6,167	1,799	-	7,966	-	-	-	7,966
Supplies and miscellaneous	1,613	4,219	1,118	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	1,920	3,075	9,091	14,086	4,547	568	5,115	19,201
Utilities	-	-	-	-	1,112	-	1,112	1,112
Volunteers expenses	109,905	98,651	10,874	219,430	-	-	-	219,430
Website	-	-	-	-	883	-	883	883
Total Expenses	<u>\$ 202,076</u>	<u>\$ 191,173</u>	<u>\$ 114,003</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
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 289,381	\$ (187,767)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Bad debt	51,598	117,135
Decrease (increase) in assets:		
Grants receivable, net	(51,598)	63,930
Accounts receivable	(154,514)	(51,598)
Contributions receivable	3,961	(6,694)
Prepaid and advances	(6,363)	3,231
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(10,260)	(14,771)
Deferred revenue	41,461	-
Net Cash Provided by (Used for) Operating Activities	163,666	(76,534)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	-	100,000
Principal payments on loan payable	(40,000)	(5,000)
Net Cash (Used for) Provided by Financing Activities	(40,000)	95,000
NET CHANGE IN CASH	123,666	18,466
CASH AND CASH EQUIVALENTS , beginning of year	61,030	42,564
CASH AND CASH EQUIVALENTS, end of year	\$ 184,696	\$ 61,030

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

CORPSAFRICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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, Rwanda and Malawi.

The programs of CorpsAfrica are supported by private foundations, corporate grants, individual donations and program service fees.

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.

Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, CorpsAfrica adopted the Financial Accounting Standards Board’s Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is related to the net assets classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Basis of Presentation

Financial statement presentation follows Financial Accounting Standards 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:

CORPSAFRICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation (continued)

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions that may or will be met by either actions of CorpsAfrica and/or the passage of time or must be maintained by the organization permanently. When a restriction expires, with donor restrictions net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

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, 2018 and 2017, 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 donor restricted net assets based on donor intent. Expirations of restrictions are reported as reclassifications from donor restricted net assets to net assets without donor restrictions.

Contract revenue is recognized when the service is provided.

CORPSAFRICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(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, 2018 and 2017, in-kind rent totaled \$30,000 and \$40,500, respectively. Donated services for the years ended December 31, 2018 and 2017, totaled \$0 and \$4,500, 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.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses such as supplies and office expenses are allocated based on salaries and benefits, which are allocated on the basis of estimates of time and effort.

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 2015 through 2017 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, 2018 AND 2017
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

CorpsAfrica’s management regularly monitors liquidity requirements to ensure that on-going operating needs and other contractual commitments are met. Sources of liquidity available to CorpsAfrica include financial assets consisting of cash and grants receivable.

In addition to financial assets available to meet cash needs for general expenditures over the next 12 months, CorpsAfrica anticipates collecting sufficient revenue to cover general expenditures. CorpsAfrica expects to spend net assets with donor restrictions within the next year, therefore, such amounts have not been deducted from total financial assets to arrive at total financial assets available to meet cash needs for general expenditures within one year.

As of December 31, 2018 and 2017, total financial assets held by CorpsAfrica and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures were as follows:

	2018	2017
Cash	\$ 184,696	\$ 61,030
Accounts receivable	206,112	51,598
Contributions receivable	12,451	16,412
Total Financial Assets Available to Meet Cash Needs for General Expenditures	\$ 403,259	\$ 129,040

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 December 2019. The note is non-interest bearing. Principal monthly payments under the note total \$5,000, effective May 2018 through November 2019. As of December 31, 2018 and 2017, the balance on this note was \$55,000 and \$95,000, respectively.

NOTE F – RETIREMENT PLAN

CorpsAfrica has adopted the CorpsAfrica 401(k) Profit Sharing Plan and Trust (the “Plan”) and is open to all employees after three consecutive months of service. An employee must be 21 years of age or older to receive matching or profit-sharing employer contributions. Eligible employees can defer up to the maximum allowable amount imposed by the Internal Revenue Code. During the years ended December 31, 2018 and 2017, CorpsAfrica did not make a discretionary matching contribution.

CORPSAFRICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(continued)

NOTE G – CONCENTRATION OF REVENUE

CorpsAfrica received a substantial amount of funding from a single source during the year ended December 31, 2018 and 2017. For the years ended December 31, 2018 and 2017, approximately 32% and 51%, respectively, 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 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows for the year ending December 31:

	<u>2018</u>	<u>2017</u>
Time restrictions	10,000	-
Malawi	71,930	22,500
Total	<u>\$ 81,930</u>	<u>\$ 22,500</u>

NOTE I – SUBSEQUENT EVENTS

In preparing these financial statements, CorpsAfrica’s management has evaluated events and transactions for potential recognition or disclosure through October 17, 2019, 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.