

CORPSAFRICA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024

CORPSAFRICA
TABLE OF CONTENTS
JUNE 30, 2024

| | Page No. |
|----------------------------------|----------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| FINANCIAL STATEMENTS: | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7-17 |

RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PETER R. RICH, CPA

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
CorpsAfrica
New York, NY

Opinion

We have audited the accompanying financial statements of CorpsAfrica (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, 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 CorpsAfrica as of June 30, 2024, and the changes in 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 CorpsAfrica 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 CorpsAfrica'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 Statements

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, including omissions, 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 CorpsAfrica'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 CorpsAfrica'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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, as of and for the year ended June 30, 2024, CorpsAfrica adopted Accounting Standards Board Accounting Standards Codification 326, *Financial Instruments – Credit Losses*, using the effective transition method. Our opinion is not modified with respect to this matter.

Rich and Bander, LLP

New York, NY
May 12, 2025

RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

CORPSAFRICA
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

ASSETS

Current assets

| | |
|-------------------------------------|-------------------------|
| Cash and cash equivalents | \$ 2,777,694 |
| Grants and contributions receivable | 505,931 |
| Prepaid expenses | 37,492 |
| Investments | 4,763,233 |
| Advances to employees | 7,234 |
| Security deposit | 2,500 |
| Total current assets | <u>8,094,084</u> |

Noncurrent assets

| | |
|--------------------------------|-----------------------|
| Property and equipment, net | 251,521 |
| Intangible assets, net | 37,546 |
| Total noncurrent assets | <u>289,067</u> |

TOTAL ASSETS

\$ 8,383,151

LIABILITIES AND NET ASSETS

LIABILITIES

Current liabilities

| | |
|---------------------------------------|-------------------------|
| Accounts payable and accrued expenses | \$ 649,963 |
| Due to a related party | 85,631 |
| Deferred revenue | 4,981,177 |
| Other liabilities | 952 |
| Total current liabilities | <u>5,717,723</u> |

TOTAL LIABILITIES

5,717,723

NET ASSETS

| | |
|----------------------------|-------------------------|
| Without donor restrictions | 2,665,428 |
| TOTAL NET ASSETS | <u>2,665,428</u> |

TOTAL LIABILITIES AND NET ASSETS

\$ 8,383,151

CORPSAFRICA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Revenue, support and gains

Grants and contributions

| | |
|---------------------------------------|--------------------------|
| Grants and contributions | \$ 10,479,713 |
| Contributed nonfinancial assets | 167,286 |
| Total grants and contributions | <u>10,646,999</u> |

Other income

| | |
|-----------------------------------|-----------------------|
| Net investment return | 112,737 |
| Gain on foreign currency exchange | 27,148 |
| Interest income | 4,911 |
| Miscellaneous income | 60 |
| Total other income | <u>144,856</u> |

Total revenue, support and gains

10,791,855

Expenses

Program services

| | |
|-------------------------------|-------------------------|
| Rwanda | 2,098,373 |
| Malawi | 1,532,788 |
| Senegal | 1,431,402 |
| Morocco | 770,645 |
| Kenya | 951,646 |
| Ghana | 949,284 |
| United States | 310,116 |
| Uganda | 629,430 |
| Ethiopia | 471,305 |
| Gambia | 306,010 |
| Total program services | <u>9,450,999</u> |

Supporting services

| | |
|------------------------|---------|
| Management and general | 252,724 |
| Fundraising | 178,297 |

Total supporting services

431,021

Total expenses

9,882,020

Change in net assets without donor restrictions

909,835

Net assets without donor restrictions - beginning of year

1,755,593

Net assets without donor restrictions - end of year

\$ 2,665,428

CORPSAFRICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

| | Program Services | | | | | | | | | | Management and Fundraising | | Total | |
|-----------------------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------------|-------------------|-------------------|---------------------|
| | Rwanda | Malawi | Senegal | Morocco | Kenya | Ghana | United States | Uganda | Ethiopia | Gambia | Total Program Services | General | | Fundraising |
| Volunteer expenses | \$ 926,385 | \$ 803,926 | \$ 606,690 | \$ 268,004 | \$ 293,066 | \$ 313,405 | \$ 906 | \$ 184,471 | \$ 98,046 | \$ 25,630 | \$ 3,520,529 | \$ 733 | \$ 512 | \$ 3,521,774 |
| Salaries | 410,513 | 401,587 | 427,122 | 212,669 | 333,001 | 368,350 | 143,888 | 214,750 | 200,007 | 152,623 | 2,864,510 | 116,365 | 81,207 | 3,062,082 |
| Consultants | 88,323 | 86,707 | 93,574 | 52,429 | 75,904 | 80,576 | 84,618 | 50,463 | 50,203 | 41,649 | 704,446 | 68,432 | 47,756 | 820,634 |
| Travel | 150,401 | 52,082 | 77,288 | 138,904 | 101,040 | 35,159 | 23,346 | 45,131 | 51,466 | 45,825 | 720,642 | 18,880 | 13,176 | 752,698 |
| Office supplies | 237,954 | 17,899 | 19,523 | 18,153 | 22,140 | 46,638 | 3,561 | 24,319 | 8,110 | 5,441 | 403,738 | 2,880 | 2,010 | 408,628 |
| Taxes and licenses | 73,466 | 14,008 | 58,419 | 3,549 | 46 | 25,556 | 18 | 30,184 | 1,185 | 9 | 206,440 | 14 | 10 | 206,464 |
| Employee benefits | 36,374 | 12,394 | 23,437 | 25,328 | 35,416 | 11,517 | 12,095 | 7,213 | 7,176 | 5,953 | 176,903 | 9,781 | 6,826 | 193,510 |
| Rent | 28,508 | 18,071 | 25,467 | 9,960 | 32,953 | 9,996 | 4,248 | 16,352 | 11,792 | 5,867 | 163,214 | 3,435 | 2,397 | 169,046 |
| Training | 27,725 | 47,117 | 18,142 | 2,200 | 6,504 | 7,916 | 3,170 | 3,623 | 1,880 | 1,560 | 119,837 | 2,563 | 1,789 | 124,189 |
| Event costs | 12,028 | 11,808 | 12,488 | 7,140 | 10,118 | 11,106 | 11,524 | 6,872 | 7,359 | 5,672 | 96,115 | 9,319 | 6,504 | 111,938 |
| Payroll taxes | 10,032 | 9,848 | 10,373 | 5,955 | 8,438 | 9,152 | 9,611 | 25,460 | 5,702 | 4,730 | 99,301 | 9,699 | 6,769 | 115,769 |
| Professional fees | 8,625 | 20,984 | 3,957 | 3,508 | 562 | 12,260 | 640 | 3,904 | 14,068 | 931 | 69,439 | 518 | 361 | 70,318 |
| Information technology | 32,452 | 5,962 | 4,675 | 520 | 666 | 1,447 | 758 | 5,604 | 1,887 | 1,919 | 55,890 | 613 | 428 | 56,931 |
| Dues and subscriptions | 10,245 | 1,152 | 1,173 | 11,503 | 12,879 | 1,035 | 1,086 | 648 | 645 | 535 | 40,901 | 879 | 613 | 42,393 |
| Depreciation | 15,314 | 6,531 | 6,594 | 489 | 5,970 | 2,524 | 498 | 1,184 | 1,854 | 245 | 41,203 | 403 | 281 | 41,887 |
| Printing | 9,513 | 918 | 5,332 | 1,088 | 215 | 201 | 211 | 199 | 2,591 | 1,882 | 22,150 | 171 | 119 | 22,440 |
| Meetings | 1,002 | 4,382 | 7,815 | 595 | 843 | 914 | 960 | 573 | 570 | 473 | 18,127 | 776 | 542 | 19,445 |
| Amortization | 2,073 | 2,035 | 2,143 | 1,230 | 1,743 | 1,891 | 1,986 | 1,184 | 1,178 | 977 | 16,440 | 1,606 | 1,121 | 19,167 |
| Website | 2,026 | 1,989 | 2,095 | 1,203 | 1,704 | 1,848 | 1,941 | 1,158 | 1,152 | 955 | 16,071 | 1,570 | 1,096 | 18,737 |
| Bank fees | 2,559 | 1,651 | 2,457 | 1,995 | 2,538 | 2,185 | 560 | 1,452 | 587 | 695 | 16,679 | 453 | 316 | 17,448 |
| Telephone | 153 | 5,918 | 5,042 | 1,473 | 1,670 | 1,129 | 147 | 821 | 276 | 72 | 16,701 | 119 | 83 | 16,903 |
| Accounting | 1,732 | 1,700 | 1,791 | 1,028 | 1,457 | 1,580 | 1,659 | 989 | 984 | 817 | 13,737 | 1,342 | 936 | 16,015 |
| Utilities | 2,596 | - | 12,232 | 1 | - | 340 | - | - | 50 | 227 | 15,446 | - | - | 15,446 |
| Insurance | 2,915 | 2,350 | 1,419 | 606 | 1,273 | 932 | 978 | 583 | 580 | 482 | 12,118 | 791 | 552 | 13,461 |
| Payroll processing fees | 1,013 | 994 | 1,047 | 601 | 851 | 924 | 969 | 579 | 576 | 478 | 8,032 | 785 | 548 | 9,365 |
| Advertising and marketing | 683 | 671 | 706 | 405 | 575 | 623 | 654 | 390 | 388 | 322 | 5,417 | 529 | 369 | 6,315 |
| Postage | 3,763 | 104 | 401 | 109 | 74 | 80 | 84 | 50 | 50 | 41 | 4,756 | 68 | 47 | 4,871 |
| Miscellaneous expense | - | - | - | - | - | - | - | 1,274 | 943 | - | 2,217 | - | 1,929 | 4,146 |
| Total expenses by function | \$ 2,098,373 | \$ 1,532,788 | \$ 1,431,402 | \$ 770,645 | \$ 951,646 | \$ 949,284 | \$ 310,116 | \$ 629,430 | \$ 471,305 | \$ 306,010 | \$ 9,450,999 | \$ 252,724 | \$ 178,297 | \$ 9,882,020 |

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

CORPSAFRICA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Cash flows from operating activities:

| | |
|--|-------------------------|
| Change in net assets | \$ 909,835 |
| <i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i> | |
| Depreciation | 41,887 |
| Amortization | 19,167 |
| Net realized loss on sale of securities | 958 |
| Net unrealized loss on securities | 649 |
| Donated securities | (50,475) |
| (Increase) decrease in operating assets: | |
| Grants and contributions receivable | (4,941) |
| Prepaid expenses | (8,899) |
| Advances to employees | (7,234) |
| Security deposit | (2,500) |
| Increase (decrease) in operating liabilities: | |
| Accounts payable and accrued expenses | 319,199 |
| Due to a related party | 16,661 |
| Deferred revenue | 3,333,615 |
| Other current liabilities | 952 |
| Total adjustments | <u>3,659,039</u> |
| Net cash provided by operating activities | <u>4,568,874</u> |

Cash flows from investing activities:

| | |
|--|---------------------------|
| Proceeds from the sale of securities | 5,600,050 |
| Purchase of securities | (10,314,415) |
| Purchase of property and equipment | (174,413) |
| Net cash used in investing activities | <u>(4,888,778)</u> |

Net decrease in cash and cash equivalents (319,904)

Cash and cash equivalents, beginning of year 3,097,598

Cash and cash equivalents, end of year **\$ 2,777,694**

Supplemental disclosures of cash flow information:

Cash paid during the year for:

| | |
|--------------|--------------------|
| Interest | \$ - |
| Income taxes | <u><u>\$ -</u></u> |

Supplemental disclosure of non-cash investing activity:

| | |
|--------------------|-------------------------|
| Donated securities | <u><u>\$ 50,475</u></u> |
|--------------------|-------------------------|

CORPSAFRICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1) NATURE OF THE ORGANIZATION

CorpsAfrica (the “Organization”) was organized as a not-for-profit organization on May 23, 2011 under the laws of the State of New York. The Organization seeks to build on Peace Corps’ success by offering the same transformative volunteer experience to emerging leaders in Africa. The Organization 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. The Organization volunteers initiate sustainable projects that fulfill key needs in their communities and whose impact and success can be carefully measured and monitored. The Organization currently operates in Senegal, Morocco, Rwanda, Malawi, Ghana, Kenya, Uganda, Ethiopia and Gambia.

The Organization’s programs are supported primarily by grants and contributions.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization’s financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Organization considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash and cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the fair market value at the date of donation. The Organization’s policy is to capitalize expenditures for these items in excess of \$1,000. Depreciation for property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

| | <u>Years</u> |
|------------------------|--------------|
| Equipment | 5 |
| Furniture and fixtures | 5 |
| Vehicles | 7 |

Intangible Assets

The Organization amortizes intangible assets with finite lives on a straight-line basis over their estimated useful lives. Intangible assets include website development costs that are being amortized using the straight-line method over 3 years.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue, Revenue Recognition, and Receivables

Grants and Contributions – Grants (from government and foundations) and contributions (from individuals, corporations and other sources) are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. A portion of grant revenue is derived from cost-reimbursable government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as grant advance in the statement of financial position. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of release/return, are not recognized until the conditions on which they depend have been substantially met.

Grants and Contributions Receivable – Grants and contributions that are not yet collected are recorded as grants and contributions receivable. Amounts expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Special Events – The exchange element of special events is recognized as special events revenue equal to the fair value of direct benefits to donors when the special event takes place or if the fair value amount is impracticable to obtain, the actual cost or non-tax deductibility is used. The excess amount is the contribution element, which is recognized immediately, unless there is a right of return if the special event does not take place.

Costs of Direct Benefits to Donors – The cost of the items and services furnished to donors as inducements to attend the Organization's special events are presented in their natural expense classification in the statement of functional expenses and backed out so that it is shown as a deduction from special events revenue on the statement of activities.

Contributed Nonfinancial Assets– The value of services, facilities, and non-capitalized equipment donated is recorded as contributions with or without donor restrictions and expensed in the year donated. These contributions are valued at the estimated fair value of similar services and materials. Donated assets are capitalized at fair value at the date of donation and recorded as contributions of nonfinancial assets with or without donor restrictions, depending on the wishes of the donor. A number of volunteers have donated significant amounts of their time to the Organization in connection with its programs. Directors and officers have made a significant contribution of their time to develop the Organization and its programs. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed nonfinancial assets. These donated services do not create or enhance a nonfinancial asset nor require a specialized skill that the contributors have and would typically need to be purchased if not provided through donation.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Foreign Currency Translations

Substantially all assets and liabilities of the Organization's 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 translations for the period are included in the statement of activities.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefits, dues and subscriptions, insurance, training, information technology, rent, utilities, telephone, travel, professional fees, and supplies and miscellaneous, which are allocated on the basis of estimates of time and effort.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. Currently, the Organization has no obligation for any unrelated business income tax.

The Organization's Forms 990, *Return of Organizations Exempt from Income Tax*, for the years ended June 30, 2023 and 2022, and 2021 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

The Organization has evaluated its current tax positions and has concluded that as of June 30, 2024, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. The Organization applied practical expedient for short-term lease arrangements.

Allowance for Credit Losses

The Organization operates in the nonprofit industry and its accounts receivables are generally derived from program service revenues. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's portfolio segment(s) have remained constant since the Organization's inception. As of June 30, 2024, no allowance for credit losses has been recognized.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. There were no write-offs to the financial statements for the year ended June 30, 2024.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contract Balances

Contract assets are recognized when the Organization has satisfied a contract obligation but must satisfy other performance obligations before being entitled to payment, or when the Organization has the right to bill a customer before satisfying any or some of the performance obligations. Contract liabilities are recognized when the Organization has an obligation to perform services to a customer for which the Organization has received advanced consideration or when payment is due prior to satisfying any or some of the performance obligations.

Adoption of Accounting Standard

In June 2016, the Financial Accounting Standards Board (“FASB”) issued guidance FASB Accounting Standards Codification (“ASC”) 326, *Financial Instruments – Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade accounts receivables. Grants and contributions receivable (under contribution model) are scoped out of FASB ASC 326. The application of the new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within fiscal years beginning after December 15, 2022. On July 1, 2023, the Organization adopted FASB ASC 326. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Recent Accounting Pronouncements

On December 13, 2023, the FASB issued Accounting Standards Update (“ASU”) 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*. The amendments in ASU 2023-08 require that the Organization measure crypto assets at fair value in the statement of financial position each reporting period and recognize changes from remeasurement in net income. The amendments also require that the Organization provide enhanced disclosures for both annual and interim reporting periods to provide financial statement users with relevant information to analyze and assess the exposure and risk of significant individual crypto asset holdings. In addition, fair value measurement aligns the accounting required for holders of crypto assets with the accounting for entities that are subject to certain industry-specific guidance (such as investment companies) and eliminates the requirement to test those assets for impairment. The amendments in ASU 2023-08 are effective for all organizations for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recent Accounting Pronouncements (Cont'd)

On December 14, 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in ASU 2023-09 require greater disaggregation of income tax disclosures related to the income tax rate reconciliation and income taxes paid. In addition, the amendments require: (1) disclosure of income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign; and (2) disclosure of income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. There are also disclosure requirements that are to be eliminated upon adoption of the amendments. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments are to be applied on a prospective basis and retrospective application is permitted.

The Organization is currently evaluating the effect that these updates will have on its financial statements.

Advertising and Marketing Costs

The Organization's policy is to expense advertising and marketing costs as they are incurred.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. The Organization has short-term lease arrangements and applied practical expedient.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Organization to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3) FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of its investments that are classified as available-for-sale on a recurring basis. The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. The disclosures required under this Topic have been included in this note.

Fair Value Hierarchy

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Determination of Fair Value

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the Organization bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Organization's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy.

Cash and Cash Equivalents, Short-Term Financial Instruments and Accounts Payable

The carrying amounts approximate fair value because of the short maturity of these instruments.

Investments in Mutual Funds and Exchange-Traded Funds

Investments in mutual funds and exchange-traded funds (ETFs) that are classified as available-for-sale are recorded at fair value on a recurring basis using quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable securities. If quoted market prices are not available for comparable securities, fair value is based on quoted bids for the security or comparable securities.

CORPSAFRICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3) FAIR VALUE MEASUREMENTS (CONT'D)

Assets Measured and Recognized at Fair Value on a Recurring Basis

The table below presents the amounts of assets measured at fair value on a recurring basis as of June 30, 2024:

| <u>Investment Type</u> | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|------------------------|---------------------|---------------------|----------------|----------------|
| Mutual funds | \$ 4,712,621 | \$ 4,712,621 | \$ - | \$ - |
| ETFs | 50,612 | 50,612 | - | - |
| Total | <u>\$ 4,763,233</u> | <u>\$ 4,763,233</u> | <u>\$ -</u> | <u>\$ -</u> |

4) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the statement of financial position date, comprise the following:

| <u>Financial assets at year-end</u> | <u>Gross amount</u> | <u>Less: Amounts unavailable for general expenditures within one year</u> | <u>Financial assets available to meet general expenditures within one year</u> |
|-------------------------------------|---------------------|---|--|
| Cash and cash equivalents | \$ 2,777,694 | \$ 2,777,694 | \$ - |
| Grants and contributions receivable | 505,931 | - | 505,931 |
| Investments | 4,763,233 | 2,289,114 | 2,474,119 |
| Total | <u>\$ 8,046,858</u> | <u>\$ 5,066,808</u> | <u>\$ 2,980,050</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

5) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable totaled \$505,931 at June 30, 2024. These amounts are generally collected within one year. The Organization believes its receivable to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended.

6) RETIREMENT PLAN

The Organization has a 401(k) Profit Sharing Plan and Trust that 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 allowance amount imposed by the Internal Revenue Code. During the year ended June 30, 2024 the Organization did not make any discretionary matching contributions.

CORPSAFRICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

7) INVESTMENTS

Investments are summarized as follows at June 30, 2024:

| | <u>Cost basis</u> | <u>Fair value</u> |
|--------------|---------------------|---------------------|
| Mutual funds | \$ 4,713,270 | \$ 4,712,621 |
| ETFs | <u>50,475</u> | <u>50,612</u> |
| Total | <u>\$ 4,763,745</u> | <u>\$ 4,763,233</u> |

Investment return is summarized as follows:

| | |
|-----------------------------------|-------------------|
| Net unrealized loss on securities | \$ (649) |
| Net realized loss on securities | (958) |
| Interest and dividend income | <u>114,344</u> |
| Total net investment return | <u>\$ 112,737</u> |

8) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of June 30, 2024. Depreciation for the year then ended was \$41,887.

| | |
|--------------------------------|-------------------|
| Equipment | \$ 136,373 |
| Furniture and fixtures | 43,891 |
| Vehicle | <u>131,900</u> |
| | 312,164 |
| Less: accumulated depreciation | <u>60,643</u> |
| | <u>\$ 251,521</u> |

9) INTANGIBLE ASSETS

The following is a summary of intangible assets less accumulated amortization as of June 30, 2024. Amortization for the year then ended was \$19,167.

| | |
|--------------------------------|------------------|
| Website development cost | \$ 57,500 |
| Less: accumulated amortization | <u>19,954</u> |
| | <u>\$ 37,546</u> |

10) CONTRIBUTED NONFINANCIAL ASSETS

During the year ended June 30, 2024, the Organization received the following contributions of other and non financial assets that have been reflected at fair values in the statement of activities.

| | |
|-------------------------------|-------------------|
| Donated professional services | \$ 78,311 |
| Donated securities | 50,475 |
| Donated rent | <u>38,500</u> |
| | <u>\$ 167,286</u> |

CORPSAFRICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

11) ADVERTISING AND MARKETING COSTS

For the year ended June 30, 2024, advertising and marketing expense amounted to \$6,315.

12) CONTRACT BALANCES

The Organization does not have any opening balances for contract assets or such balances for year ended June 30, 2024. The Organization has contract liabilities totaling \$4,981,177 for the year then ended, which represent deferred revenue on the statement of financial position.

The following table provides information about significant changes in the contract liabilities for the year ended June 30, 2024:

| | |
|---|---------------------|
| Deferred revenue, beginning of year | \$ 1,647,562 |
| Increase in deferred revenue due to cash received during the period | 13,397,520 |
| Revenue recognized during the period | <u>(10,063,905)</u> |
| Deferred revenue, end of year | <u>\$ 4,981,177</u> |

13) CONCENTRATIONS OF RISK

The Organization maintains its cash balances at several major financial institutions. The balances, at times, may exceed federally insured limits. As of June 30, 2024, uninsured bank balances totaled \$1,083,704. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

The Organization maintains investment balances at a major financial institution. The investment balances are insured by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000 for securities and cash (including a limit of \$250,000 for cash only) per customer. The SIPC does not protect investors from market risk. As of June 30, 2024, the uninsured investment balances totaled \$4,212,619.

During the year ended June 30, 2024, the Organization received approximately 95% of its total grants and contributions from one grantor. For the year ended June 30, 2024, approximately 99% of the grants and contributions receivable is from one donor. The concentration from the contributors does not make the Organization vulnerable to a risk of severe near-term impact because the Organization only spends money according to the amount received from the contributors and other revenue.

14) CONTINGENCIES

During the year, the management identified potential liabilities related to unremitted employment and withholding taxes in the Organization’s Uganda office. While the matter was under review by local authorities, the management has assessed that it is probable that a liability exists and has made a reasonable estimate of the potential exposure, and recognized a provision of \$23,000, which is included under Accounts Payable and Accrued Expenses in the Statement of Financial Position.

CORPSAFRICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

14) CONTINGENCIES (CONT'D)

Subsequent to year-end, the Organization received formal notices from Uganda Revenue Authority relating to the unremitted employment and withholding taxes. The Organization has settled the amounts with Uganda Revenue Authorities in response to this notice. As of the auditor's report date, the management has confirmed that all outstanding taxes were settled related to this matter.

15) SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 12, 2025 which is the date the financial statements were available to be issued. Management is not aware of any material subsequent events.