

GEORGES MALAIKA FOUNDATION, INC.

FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

**GEORGES MALAIKA FOUNDATION, INC.
FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Georges Malaika Foundation, Inc.

We have audited the accompanying financial statements of Georges Malaika Foundation, Inc. (a non-profit organization) which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities 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 audits 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 Georges Malaika Foundation, Inc. as of March 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KMR LLP

New York, New York
February 15, 2019

**GEORGES MALAIKA FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 435,760	\$ 274,105
Prepaid Expenses	803	943
Total current assets	<u>436,563</u>	<u>275,048</u>
Property, plant and equipment:		
School building and FIFA Center (net of accumulated depreciation of \$82,495 and \$60,417, respectively)	1,164,556	835,595
Furniture, fixtures and equipment (net of accumulated depreciation of \$58,676 and \$42,720, respectively)	<u>15,189</u>	<u>5,620</u>
Total property, plant and equipment	<u>1,179,745</u>	<u>841,215</u>
Security deposits	<u>2,200</u>	<u>5,520</u>
Total assets	<u><u>\$ 1,618,508</u></u>	<u><u>\$ 1,121,783</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 15,738	\$ 15,673
Deferred Revenue	-	192,041
Total liabilities	<u>15,738</u>	<u>207,714</u>
Net Assets:		
Unrestricted	<u>1,602,770</u>	<u>914,069</u>
Total liabilities and net assets	<u><u>\$ 1,618,508</u></u>	<u><u>\$ 1,121,783</u></u>

See independent auditor's report and accompanying notes to financial statements

**GEORGES MALAIKA FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR YEARS ENDED MARCH 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Support and revenue (unrestricted) :		
Grants	\$ 634,325	\$ 395,549
Contributions	672,822	187,766
Interest Income	100	13
	<u>1,307,247</u>	<u>583,328</u>
 Functional expenses:		
Program service expenses - Schedule I	309,700	302,494
Fundraising expenses - Schedule II	129,214	48,463
Administrative expenses - Schedule III	<u>179,632</u>	<u>141,741</u>
Total functional expenses	<u>618,546</u>	<u>492,698</u>
 Change in net assets	 688,701	 90,630
Net assets - beginning of year	<u>914,069</u>	<u>823,439</u>
Net assets - end of year	<u><u>\$ 1,602,770</u></u>	<u><u>\$ 914,069</u></u>

See independent auditor's report and accompanying notes to financial statements

GEORGES MALAIKA FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 688,701	\$ 90,630
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	54,409	38,033
Changes in operating assets and liabilities:		
Prepaid expenses	140	(943)
Accounts payable and accrued expenses	65	(8,271)
Deferred Revenue	(192,041)	192,041
Net cash provided by operating activities	<u>551,274</u>	<u>311,490</u>
Cash flows from investing activities:		
Purchase for property, plant and equipment	(392,939)	(158,608)
Security deposits	3,320	(5,520)
Net cash used in investing activities	<u>(389,619)</u>	<u>(164,128)</u>
Net increase in cash and cash equivalents	161,655	147,362
Cash and cash equivalents, beginning of year	<u>274,105</u>	<u>126,743</u>
Cash and cash equivalents, end of year	<u><u>\$ 435,760</u></u>	<u><u>\$ 274,105</u></u>

See independent auditor's report and accompanying notes to financial statements

GEORGES MALAIKA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - THE ORGANIZATION

Georges Malaika Foundation, Inc. (the “Organization”) a not-for-profit corporation, was incorporated on July 27, 2007. The Organization is dedicated to the advancement of African communities by providing educational opportunities to young girls (ages 5 to 18) in the Democratic Republic of Congo (DRC). The Organization has been the primary participant in the funding and construction of a school in Lubumbashi, DRC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation:

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, “Not-for-Profit Entities.” Under Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- 1) Unrestricted Net Assets - net assets not subject to donor-imposed stipulations.
- 2) Temporarily Restricted Net Assets - net assets subject to donor-imposed stipulations that may or will be met either by the Organization and/or the passage of time.
- 3) Permanently Restricted Net Assets - net assets subject to donor-imposed stipulations.

The Organization has no temporarily or permanently restricted net assets as of March 31, 2018 and 2017.

Revenue and expenses:

Revenue is reported as increases in unrestricted net assets unless its use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments, if any, and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

GEORGES MALAIKA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions:

The Organization receives substantially all of its support and revenue from grants, corporate and individual contributions, and proceeds from special events. Contributions are recognized when received or pledged and are recorded at their fair value.

The Organization has also adopted FASB ASC Topic 605, "Revenue Recognition." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue depending on the existence or nature of any donor restriction. All contributions and income are considered to be available for unrestricted use unless specifically restricted by the donor.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property, plant and equipment:

The land for the school and school grounds was granted to the school by the government at no cost. Building and equipment are stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated lives of the assets ranging from five to thirty-nine years. Repairs and maintenance, which are not considered betterments and do not extend the useful life of property and equipment, are charged to expense as incurred. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

Income taxes:

The Organization was incorporated in the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a "charitable organization".

The Organization's Form 990, Return of Organization Exempt Income Tax, for the years 2015 to 2017 are subject to examination by the IRS, (generally for three years after they are filed).

GEORGES MALAIKA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred revenue:

Deferred revenue consists of donation for the Organization's 10th anniversary, which relates to the previous year.

Expenses:

The Organization recognizes grant expense, if any, when grants are approved and notification has been given to the grantee. Expenses not identifiable to specific programs are allocated to the various program services based on estimated time spent on programs.

Donated assets:

Donated assets and noncash donations, if any, are recorded as contributions at their fair values at the date of donation.

Reclassifications:

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

NOTE 3 - CONCENTRATION OF CREDIT RISK AND MAJOR GRANTORS

Concentration of credit risk:

The Organization maintains its cash and cash equivalent balances at various financial institutions in both the United States of America (USA) and the Democratic Republic of Congo (DRC). In the USA, accounts at each institution are insured by the Federal Deposit insurance Corporation (FDIC) up to \$250,000. However, in the normal course of business, the Organization may have cash balances that exceed the FDIC insured limits at various times during the year. In the DRC, financial institutions provide no such coverage.

Major grantors:

During the year ended March 31, 2018, one foundation accounted for approximately 21% of total contributions and grants. During the year ended March 31, 2017, one foundation accounted for approximately 26% of total contributions and grants.

NOTE 4 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 15, 2019, the date which the financial statements were available to be issued. The Organization is not aware of any subsequent events, which requires recognition or disclosure in the financial statements.

GEORGES MALAIKA FOUNDATION, INC.
SUPPLEMENTARY SCHEDULES
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	2018	2017
Schedule I - Program service expenses:		
School sponsorship and operating expenses	\$ 212,853	\$ 226,020
FIFA project expenses	96,847	76,474
Total program service expenses	\$ 309,700	\$ 302,494
 Schedule II - Fundraising expenses:		
Fundraising, advertising and marketing expense	\$ 129,214	\$ 48,463
 Schedule III - Administrative expenses:		
Depreciation expense	\$ 54,409	\$ 38,033
Salaries and wages	40,153	26,248
Travel expenses	19,916	18,031
Computer and related expenses	17,029	15,944
Credit card and bank charges	11,938	9,284
Office	8,983	9,054
Postage and shipping	7,303	7,562
Telephone	5,563	6,149
Payroll taxes	4,847	2,149
Rent	4,250	-
Professional fees	4,164	5,850
Filing fees	1,077	3,437
Total administrative expenses	\$ 179,632	\$ 141,741

See independent auditor's report and accompanying notes to financial statements