

GEORGES MALAIKA FOUNDATION, INC.

FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

**GEORGES MALAIKA FOUNDATION, INC.
FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

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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, 2019 and 2018, and the related statements of activities and changes in net assets, 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 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, 2019 and 2018, 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.

KMR LLP

New York, New York
June 24, 2020

GEORGES MALAIKA FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 552,967	\$ 435,760
Prepaid Expenses	943	803
Total current assets	<u>553,910</u>	<u>436,563</u>
Property, plant and equipment:		
School building and FIFA Center (net of accumulated depreciation of \$111,076 and \$82,495, respectively)	1,189,456	1,164,556
Furniture, fixtures and equipment (net of accumulated depreciation of \$84,503 and \$58,676, respectively)	<u>3,192</u>	<u>15,189</u>
Total property, plant and equipment	<u>1,192,648</u>	<u>1,179,745</u>
Security deposits	<u>2,200</u>	<u>2,200</u>
Total assets	<u><u>\$ 1,748,758</u></u>	<u><u>\$ 1,618,508</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 12,340</u>	<u>\$ 15,738</u>
Total liabilities	12,340	15,738
Net Assets:		
Without donor restrictions	1,736,418	1,602,770
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>1,736,418</u>	<u>1,602,770</u>
Total liabilities and net assets	<u><u>\$ 1,748,758</u></u>	<u><u>\$ 1,618,508</u></u>

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

GEORGES MALAIKA FOUNDATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	2019		2018	
	Total	Without Donor Restrictions	Total	Without Donor Restrictions
Public support and revenue				
Grants	\$ 465,821	\$ 465,821	\$ 634,325	\$ 634,325
Contributions	217,427	217,427	672,822	672,822
Interest income	112	112	100	100
Total public support and revenue	683,360	683,360	1,307,247	1,307,247
Functional expenses:				
Program service expenses:				
School sponsorship and operating expenses	284,966	284,966	212,853	\$ 212,853
FIFA project expenses	95,714	95,714	96,847	96,847
Total program service expense	380,680	380,680	309,700	309,700
Support service:				
Administrative:				
Depreciation expense	46,118	46,118	54,409	54,409
Office	36,794	36,794	8,983	8,983
Travel expenses	36,794	18,397	19,916	19,916
Salaries and wages	17,593	17,593	40,153	40,153
Computer and related expenses	19,601	10,805	17,029	17,029
Credit card and bank charges	7,281	7,281	11,938	11,938
Professional fees	5,500	5,500	4,164	4,164
Postage and shipping	4,225	4,225	7,303	7,303
Telephone	1,505	1,505	5,563	5,563
Payroll taxes	1,388	1,388	4,847	4,847
Filing fees	1,101	1,101	1,077	1,077
Rent	-	-	4,250	4,250
	177,900	150,707	179,632	179,632
Fundraising, advertising and marketing expense	14,389	14,389	129,214	129,214
	14,389	14,389	129,214	129,214
Total functional expenses	545,776	545,776	618,546	618,546
Change in net assets				
Net assets - beginning of year	137,584	137,584	688,701	688,701
Net assets - end of year	1,602,911	1,602,911	914,069	914,069
	\$ 1,740,495	\$ 1,740,495	\$ 1,602,770	\$ 1,602,770

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

GEORGES MALAIKA FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	2019		2018		
	Total	Program Services	Supporting Services- Management and General	Program Services	Supporting Services- Management and General
School sponsorship and operating expenses	284,966	284,966	-	212,853	-
FIFA project expenses	95,714	95,714	-	96,847	-
Total program service expense	380,680	380,680	-	309,700	-
Support service:					
Administrative:					
Depreciation expense	46,118	46,118	-	54,409	-
Office	36,794	18,397	18,397	4,492	4,492
Travel expenses	22,474	22,474	-	19,916	-
Salaries and wages	17,593	8,797	8,796	20,077	20,076
Computer and related expenses	10,805	10,805	-	17,029	-
Credit card and bank charges	7,281	7,281	-	11,938	-
Professional fees	5,500	5,500	-	4,164	-
Postage and shipping	4,225	4,225	-	7,303	-
Telephone	1,505	1,505	-	5,563	-
Payroll taxes	1,388	1,388	-	4,847	-
Filing fees	1,101	1,101	-	1,077	-
Rent	-	-	-	4,250	-
	154,784	127,591	27,193	179,632	24,568
Fundraising, advertising and marketing expense	14,389	14,389	-	129,214	-
	14,389	14,389	-	129,214	-
Total expenses included in the expense section of the statement of activities	549,853	522,660	27,193	618,546	24,568

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, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 133,508	\$ 688,701
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	46,118	54,409
Changes in operating assets and liabilities:		
Prepaid expenses	-	140
Accounts payable and accrued expenses	(3,398)	65
Deferred Revenue	-	(192,041)
Net cash provided by operating activities	176,228	551,274
Cash flows from investing activities:		
Purchase for property, plant and equipment	(59,021)	(392,939)
Security deposits	-	3,320
Net cash used in investing activities	(59,021)	(389,619)
Net increase in cash and cash equivalents	117,207	161,655
Cash and cash equivalents, beginning of year	435,760	274,105
Cash and cash equivalents, end of year	\$ 552,967	\$ 435,760

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:

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's financial statements:

- 1) The unrestricted net asset class has been renamed net assets without donor restrictions.
- 2) The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The Organization has no net assets with donor restrictions as of March 31, 2019 and 2018.

Revenue and expenses:

Revenue is reported as increases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments, if any, and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (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 net assets without donor restrictions, or net assets with donor restrictions 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 2016 to 2018 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)

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, 2019, one foundation accounted for approximately 14% of total contributions and grants. During the year ended March 31, 2018, one foundation accounted for approximately 21% of total contributions and grants.

NOTE 4 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 24, 2020, 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.