

GEORGES MALAIKA FOUNDATION, INC.

FINANCIAL STATEMENTS

MARCH 31, 2021 AND 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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
February 9, 2022

GEORGES MALAIKA FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 655,896	\$ 482,219
Prepaid Expenses	3,840	1,990
Total current assets	<u>659,736</u>	<u>484,209</u>
Property, plant and equipment:		
School building and Community Center (net of accumulated depreciation of \$219,721 and \$180,939 respectively)	1,373,851	1,347,888
Furniture, fixtures and equipment (net of accumulated depreciation of \$116,578 and \$104,750 respectively)	<u>17,140</u>	<u>21,438</u>
Total property, plant and equipment	<u>1,390,991</u>	<u>1,369,326</u>
Security deposits	<u>-</u>	<u>2,200</u>
Total assets	<u><u>\$ 2,050,727</u></u>	<u><u>\$ 1,855,735</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,622	\$ 12,340
Deferred Revenue	<u>215,100</u>	<u>-</u>
Total liabilities	<u>225,722</u>	<u>12,340</u>
Net Assets:		
Without donor restrictions	1,825,005	1,843,395
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>1,825,005</u>	<u>1,843,395</u>
Total liabilities and net assets	<u><u>\$ 2,050,727</u></u>	<u><u>\$ 1,855,735</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, 2021 AND 2020

	2021		2020	
	Total	Without Donor Restrictions	Total	Without Donor Restrictions
Public support and revenue				
Grants	\$ 294,785	\$ 294,785	\$ 486,040	\$ 486,040
Contributions	293,727	293,727	266,602	266,602
Interest Income	33	33	107	107
Total public support and revenue	588,545	588,545	752,749	752,749
Functional expenses:				
Program service expenses:				
School sponsorship and operating expenses	378,451	378,451	367,208	367,208
Community center expenses	78,800	78,800	88,786	88,786
Total program service expense	457,251	457,251	455,994	455,994
Support service:				
Administrative:				
Depreciation expense	50,612	50,612	43,991	43,991
Office	14,251	14,251	12,321	12,321
Travel expenses	15,721	15,721	37,961	37,961
Salaries and wages	16,570	16,570	29,748	29,748
Computer and related expenses	11,467	11,467	37,437	37,437
Credit card and bank charges	7,319	7,319	9,856	9,856
Professional fees	4,820	4,820	1,252	1,252
Postage and shipping	3,577	3,577	-	-
Telephone	4,010	4,010	4,414	4,414
Payroll taxes	748	748	510	510
Filing fees	400	400	-	-
Insurance	1,068	1,068	-	-
Contribution	4,481	4,481	-	-
	135,044	135,044	179,358	179,358
Fundraising, advertising and marketing expense	14,639	14,639	10,420	10,420
	14,639	14,639	10,420	10,420
Total functional expenses	606,934	606,934	645,772	645,772
Change in net assets	(18,389)	(18,389)	106,977	106,977
Net assets - beginning of year	1,843,395	1,843,395	1,736,418	1,736,418
Net assets - end of year	\$ 1,825,005	\$ 1,825,005	\$ 1,843,395	\$ 1,843,395

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, 2021 AND 2020

	2021		2020			
	Total	Program Services	Supporting Services- Management and General	Total	Program Services	Supporting Services- Management and General
School sponsorship and operating expenses	378,451	378,451	-	367,208	\$ 367,208	-
Community center expenses	78,800	78,800	-	88,786	88,786	-
Total program service expense	457,251	457,251	-	455,994	455,994	-
Support service:						
Administrative:						
Depreciation expense	50,612	50,612	-	43,991	43,991	-
Office	14,251	7,125	7,126	12,321	6,160	6,161
Travel expenses	15,721	15,721	-	37,961	37,961	-
Salaries and wages	16,570	8,285	8,285	29,748	14,874	14,874
Computer and related expenses	11,467	5,733	5,734	37,437	37,437	-
Credit card and bank charges	7,319	7,319	-	9,856	9,856	-
Professional fees	4,820	2,410	2,410	1,252	1,252	-
Postage and shipping	3,577	3,577	-	-	-	-
Telephone	4,010	2,005	2,005	4,414	4,414	-
Payroll taxes	748	748	-	510	510	-
Filing fees	400	400	-	-	-	-
Insurance	1,068	-	1,068	-	-	-
Contribution	4,481	4,481	-	1,868	1,868	-
	135,044	108,416	26,628	179,358	158,323	21,035
Fundraising, advertising and marketing expense	14,639	14,639	-	10,420	10,420	-
	14,639	14,639	-	10,420	10,420	-
Total expenses included in the expense section of the statement of activities	606,934	580,306	26,628	645,772	624,737	21,035

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, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (18,389)	\$ 106,977
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	50,612	43,991
Changes in operating assets and liabilities:		
Prepaid expenses	(1,850)	(1,048)
Accounts payable and accrued expenses	(1,718)	-
Deferred Revenue	215,100	-
Net cash used in operating activities	243,755	149,920
Cash flows from investing activities:		
Purchase for property, plant and equipment	(72,277)	(220,668)
Security deposits	2,200	-
Net cash provided by operating activities	(70,077)	(220,668)
Net increase in cash and cash equivalents	173,678	(70,748)
Cash and cash equivalents, beginning of year	482,219	552,967
Cash and cash equivalents, end of year	\$ 655,896	\$ 482,219

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, 2021 and 2020.

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.

Deferred Revenue:

Income from grants or contributions received in advance is deferred and recognized over the period to which the grant or contribution are stipulated to be used by the grantee or donor.

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.

Functional allocation of expenses:

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. In accordance with ASU 2016-14, functional expense detail is reported in a separate statement by both nature and function. The financial statements report certain categories of expenses that may be attributable to both programs and supporting services. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated are general office expenses which are allocated on the basis of estimated time and effort.

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.

GEORGES MALAIKA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

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 2018 to 2020 are subject to examination by the IRS, (generally for three years after they are filed).

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.

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, 2021, one foundation accounted for approximately 19% of total contributions and grants. During the year ended March 31, 2020, one foundation accounted for approximately 13% of total contributions and grants.

GEORGES MALAIKA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - PROPERTY AND EQUIPMENT

At March 31, property and equipment consists of:

	2021	2020
Building - School	\$ 1,590,813	\$ 1,528,147
Furniture, fixtures and equipment	86,228	76,617
Vehicle	50,250	50,250
	1,727,291	1,655,014
Less: accumulated depreciation	336,300	285,688
	\$ 1,390,991	\$ 1,369,326

Depreciation expense for the years ended March 31, 2021 and 2020 was \$50,612 and \$43,991, respectively.

NOTE 5 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 9, 2022, 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.