



AFRICAN VISION OF HOPE

FINANCIAL STATEMENTS

DECEMBER 31, 2016



Advising with Vision®

www.muellerprost.com

Phone 314.862.2070 | Fax 314.862.1549 | www.muellerprost.com

St. Louis | 7733 Forsyth Blvd. | Suite 1200 | St. Louis | MO | 63105

St. Charles | 2460 Executive Drive | St. Charles | MO | 63303

Irvine | 2010 Main Street | Suite 340 | Irvine | CA | 92614

Member of
Allinial
GLOBAL™
An association of legally independent firms

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF CASH FLOWS	4
STATEMENT OF FUNCTIONAL EXPENSES	5
NOTES TO FINANCIAL STATEMENTS	6 - 11

To the Board of Directors
African Vision of Hope
Maryville, Illinois

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Management is responsible for the accompanying financial statements of *African Vision of Hope*. (an Illinois not-for-profit organization) which comprise the statement of financial position as of December 31, 2016, 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 accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

November 7, 2017
St. Louis, Missouri

Mueller Prost LC

Certified Public Accountants

AFRICAN VISION OF HOPE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

Current Assets	
Cash	\$ 645,375
Accounts receivable	3,090
Other current assets	<u>80</u>
Total Current Assets	<u>648,545</u>
 Property and Equipment, Net of Depreciation	 <u>2,294</u>
 Total Assets	 \$ <u>650,839</u>

LIABILITIES & NET ASSETS

Current Liabilities	
Accounts payable	\$ 16,039
Accrued payroll and taxes	<u>4,809</u>
Total Current Liabilities	<u>20,848</u>
 Net Assets	
Unrestricted	621,882
Temporarily restricted	<u>8,109</u>
Total Net Assets	<u>629,991</u>
 Total Liabilities and Net Assets	 \$ <u>650,839</u>

AFRICAN VISION OF HOPE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Contributions, including in-kind	\$ 1,011,338	\$ 7,579	\$ 1,018,917
Sponsorships	245,914	-	245,914
Grant revenue	22,899	-	22,899
Special events	187,082	-	187,082
Less: Direct benefits to donors	(57,500)	-	(57,500)
Other income	3,103	-	3,103
	<u>1,412,836</u>	<u>7,579</u>	<u>1,420,415</u>
Net assets released from restrictions	<u>20,488</u>	<u>(20,488)</u>	<u>-</u>
Total Support and Revenue	<u>1,433,324</u>	<u>(12,909)</u>	<u>1,420,415</u>
Functional Expenses			
Program	955,132	-	955,132
General and administrative	72,665	-	72,665
Fundraising	128,878	-	128,878
Total Functional Expenses	<u>1,156,675</u>	<u>-</u>	<u>1,156,675</u>
Increase (Decrease) in Net Assets	<u>276,649</u>	<u>(12,909)</u>	<u>263,740</u>
Net Assets - Beginning of the Year	<u>345,233</u>	<u>21,018</u>	<u>366,251</u>
Net Assets - End of the Year	<u>\$ 621,882</u>	<u>\$ 8,109</u>	<u>\$ 629,991</u>

AFRICAN VISION OF HOPE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

Cash Flows from Operating Activities	
Net income	\$ <u>263,740</u>
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	9,636
Change in assets - (increase) decrease	
Accounts receivable	(750)
Other current assets	(80)
Change in liabilities - increase (decrease)	
Accounts payable	13,048
Accrued payroll	<u>(109)</u>
Total Adjustments	<u>21,745</u>
Net Cash Provided by Operating Activities	<u>285,485</u>
Cash Flows from Investing Activities	
Sale of investment securities	<u>351</u>
Net Cash Used by Investing Activities	<u>351</u>
Cash Flows from Financing Activities	<u>-</u>
Increase in Cash	285,836
Cash - Beginning of Year	<u>359,539</u>
Cash - End of Year	\$ <u><u>645,375</u></u>

AFRICAN VISION OF HOPE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Management and General Services	Fundraising Services	Total
Expenses				
Auto expense	\$ 1,878	\$ 626	\$ 626	\$ 3,130
Communications	20,096	-	2,288	22,384
Depreciation expense	3,854	2,891	2,891	9,636
Donor development expenses	-	-	66,003	66,003
Employee benefit expenses	933	932	933	2,798
Grants	718,854	-	-	718,854
Insurance	-	1,520	-	1,520
Mission trip expenses	54,883	-	-	54,883
Occupancy expenses	13,879	9,267	9,266	32,412
Office expenses	60,617	1,260	2,455	64,332
Other expenses	20,842	1,579	532	22,953
Payroll taxes	4,566	3,425	3,425	11,416
Professional services	-	10,706	-	10,706
Salaries and wages	50,312	38,250	38,250	126,812
Volunteer expense	4,418	2,209	2,209	8,836
Total Expenses	\$ 955,132	\$ 72,665	\$ 128,878	\$ 1,156,675

**AFRICAN VISION OF HOPE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

African Vision of Hope (as known as “AVOH” or the “Organization”) was organized on January 21, 2003, as a not-for-profit corporation. AVOH is a Christian advocacy and relief organization dedicated to serving vulnerable children and families living in extreme poverty. Their mission embodies confronting the root causes of poverty by providing opportunities to be educated, grow up healthy, develop leadership and economic skills and learn about God’s love.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization has adopted the provisions of the Financial Accounting Standards Board (“FASB”) in regard to financial statements of not-for-profit organizations as discussed under this topic of the ASC 958-210, *Financial Statements of Not-For-Profit Organizations*. This provision requires the reporting of total assets, liabilities and net assets in a statement of financial position, and reporting the change in net assets in a statement of activities. This provision also requires that net assets, revenue, expenses, gains and losses be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions.

The financial statements report amounts by classification of net assets, as follows:

Unrestricted Net Assets are those currently available for use by the Organization and its board that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets are those received with donor stipulations that limit the use of the donated assets. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes. The Organization did not have any permanently restricted net assets as of December 31, 2016.

Expenses are generally recorded as decreases in unrestricted net assets.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from estimated amounts.

**AFRICAN VISION OF HOPE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include funds that are unrestricted and temporarily restricted by donors and granting governmental agencies. Short-term investments with maturity dates less than 90 days from the purchase date are considered cash equivalents.

Accounts Receivable

Accounts receivable are stated at net realizable amounts from grant contracts.

Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed. The Organization did not have any bad debt for the year ended December 31, 2016.

Property and Equipment

All property and equipment are recorded at cost, if purchased, or estimated fair value at the date of donation, if contributed, less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives between 5 and 7 years. Expenditures above the capitalization policy, which substantially increase the useful lives of assets, are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current income. Maintenance, repairs and minor renewals are charged to expense as incurred.

Contributions

Contributions are recorded as made or unconditionally promised. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no unconditional or conditional promises to give as of December 31, 2016.

Concentration of Credit Risk

AVOH maintains the majority of its cash balance in one financial institution. The account is insured by the Federal Deposit Insurance Corporation up to \$250,000 for the year ending December 31, 2016. At various times during the year, AVOH's cash balance exceeded the standard insured limit.

Advertising

Advertising costs are expensed as incurred. The advertising costs expensed for the year ended December 31, 2016 were \$22,384.

AFRICAN VISION OF HOPE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses based on periodic time and expense studies. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services includes general and administrative of \$66,665, which is 7.18% of total expenses and fundraising of \$69,799, which is 7.52% of total expenses for the year ended December 31, 2016. Collectively, these expenses are 14.70% of total expenses.

Program

Includes those expenditures that enable the Organization to fulfill its mission of confronting the root causes of poverty by providing opportunities to be educated, grow up healthy, develop leadership and economic skills and learn about God's love.

Management and General

Includes the functions necessary to provide coordination and articulation of the Organization's program mission, secure proper administrative functioning of the Board of Directors, and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure grants and private financial support from corporations, foundations and individuals through various fundraising events and activities.

Donated Services

Donated services are recognized as contributions in accordance with "FASB Accounting Standards Codification 958-605-15, Contributions Received", if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. However, a substantial number of volunteers have donated significant amounts of their time to the Organization's fundraising events and programs; the value of their time is not included in the financial statements.

Donated Materials

Various materials are donated to the Organization. Donated materials that meet the criteria for recognition under the provisions of accounting for contributions received and contributions made in regard to financial statements of not-for-profit organizations, as discussed under this topic of the FASB Accounting Standards Codification, are recorded at fair market value as of the date of donation.

Special Events

The gross revenue for special events includes contributions for the events and event ticket revenue, as presented on the statement of activities. Expenses for direct benefits provided to donors at the special events are presented as a reduction of the gross revenue.

AFRICAN VISION OF HOPE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Commitments and Contingencies

In the normal course of operations, the Organization participates in grant programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Presently, the Organization has no such request pending, and in the opinion of management, any such amounts would not be considered material.

NOTE 2 INCOME TAXES

The Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and applicable state laws. Therefore, there are no provisions for income taxes reflected in these financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, AVOH may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include tax-exempt status of AVOH and various positions related to the potential sources of unrelated business income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2016.

AVOH files income tax returns in the United States federal jurisdiction. The federal income tax returns of AVOH for 2016 (once filed), 2015, 2014, and 2013, are subject to examination by the taxing authority generally for three years after they were filed.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2016:

Computer	\$	4,345
Equipment		11,626
Software		21,693
Subtotal		37,664
Less: Accumulated Depreciation		(35,370)
	\$	<u><u>2,294</u></u>

Depreciation amounted to \$9,636 for the year ended December 31, 2016.

AFRICAN VISION OF HOPE
NOTES TO FINANCIAL STATEMENTS

NOTE 4 RISK OF FOREIGN OPERATIONS

The Organization's operations in Zambia are subject to risks inherent in operating in this country in Africa that are not typically associated with operations in North America. Accordingly, the Organization's financial condition and activities may be influenced by the political, economic, and legal environments in that country. As a result, the Organization's activities in this country are subject to a variety of risks, including:

- Social, political, and economic instability
- Inflation
- Additional costs of compliance with government regulation and licensing requirements
- Tariffs and other trade barriers
- Expropriation, nationalization, and limitation on repatriation of earnings
- Fluctuations in foreign exchange rates
- Difficulties in managing foreign operations
- Unexpected changes in regulatory requirements

Any of these developments, or others, could adversely affect the financial condition and activities. Should such circumstances occur, the Organization might need to alter activities in a particular area. The Organization's ability to deal with these issues may be affected by applicable U.S. laws and, in particular, potential conflicts between the requirements of U.S. law and the need to protect its assets.

In addition, the Organization is required to comply with the United States Foreign Corrupt Practices Act and similar laws, which prohibit entities from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Corruption, extortion, bribery, payoffs, theft, and other fraudulent practices occur from time-to-time in the areas in which it operates. All funds are maintained in the U.S., and all costs are fulfilled directly with vendors which are highly predictable payments that leave good paperwork trails.

NOTE 5 DONOR CONCENTRATIONS

For the year ended December 31, 2016, revenue from one donor amounted to 17% of total support and revenue.

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2016, the Organization had net assets totaling \$8,109 that were temporarily restricted due to time and purpose restrictions by its contributors.

The Organization releases net assets from donor restrictions as they incur expenses satisfying the restrictions imposed or by occurrence other events specified by donors or time.

Net assets released from donor restrictions totaled \$20,488 for the year ended December 31, 2016.

AFRICAN VISION OF HOPE
NOTES TO FINANCIAL STATEMENTS

NOTE 7 SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the Independent Accountants' Compilation Report, the date the financial statements were available to be issued.