Markwell & Lewis LLP
Vertical Thinking

Africa Classroom Connection

December 31, 2016 and 2015

Audited Financial Statements

AFRICA CLASSROOM CONNECTION

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Africa Classroom Connection
Minneapolis, Minnesota

We have audited the accompanying financial statements of Africa Classroom Connection (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, 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 audit. 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 audit 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 opinions.

Opinion

In our opinion, the 2016 and 2015 financial statements referred to above present fairly, in all material respects, the financial position of Africa Classroom Connection as of December 31, 2016 and 2015, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Markwell & Lewis LLP

Minneapolis, Minnesota
April 7, 2017

AFRICA CLASSROOM CONNECTION

STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,331	$ 27,068
Donations receivable	4,668	8,512
Prepaid expenses	432	9,986
Total current assets	9,431	45,566
Total assets	$ 9,431	$ 45,566
LIABILITIES AND NET ASSETS		
Current liabilities		
Credit card payable	$ -	$ 9,127
Total current liabilities	-	9,127
Net assets		
Unrestricted	9,431	13,428
Temporarily restricted	-	23,011
Total net assets	9,431	36,439
Total liabilities and net assets	$ 9,431	$ 45,566

See Accompanying Notes to Financial Statements

AFRICA CLASSROOM CONNECTION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
December 31, 2016 and 2015

	2016 Unrestricted	2016 Temporarily Restricted	2016 Total
Support and revenue			
Grants and contributions	$ 133,445	$ -	$ 133,445
Program service revenue	57,847	-	57,847
Events, net of direct costs of $1,467 for 2016	31,157	-	31,157
In-kind donations	15,564	-	15,564
Net assets released from restriction	23,011	(23,011)	-
Total support and revenue	261,024	(23,011)	238,013
Expenses:			
Program services	255,075	-	255,075
General and administrative	8,815	-	8,815
Fundraising	1,131	-	1,131
Total expenses	265,021	-	265,021
Change in net assets	(3,997)	(23,011)	(27,008)
Net assets - beginning of year	13,428	23,011	36,439
Net assets - end of year	$ 9,431	$ -	$ 9,431

	2015 Unrestricted	2015 Temporarily Restricted	2015 Total
Support and revenue			
Grants and contributions	$ 89,342	$ -	$ 89,342
Program service revenue	-	23,011	23,011
Events, net of direct costs of $1,330 for 2015	27,364	-	27,364
In-kind donations	13,677	-	13,677
Total support and revenue	130,383	23,011	153,394
Expenses:			
Program services	114,503	-	114,503
General and administrative	6,757	-	6,757
Fundraising	1,109	-	1,109
Total expenses	122,369	-	122,369
Change in net assets	8,014	23,011	31,025
Net assets - beginning of year	5,414	-	5,414
Net assets - end of year	$ 13,428	$ 23,011	$ 36,439

See Accompanying Notes to Financial Statements

AFRICA CLASSROOM CONNECTION

STATEMENTS OF FUNCTIONAL EXPENSES
December 31, 2016 and 2015

	2016			
	Program Services	General and Administrative	Fundraising	Total
Grants for African Education	$ 178,082	$ -	$ -	$ 178,082
Trip expense	63,053	-	-	63,053
Professional fees	-	4,010	-	4,010
Insurance	711	353	353	1,417
Credit card & bank fees	-	781	-	781
Other expense	-	991	-	991
In-kind expense	13,229	1,557	778	15,564
Miscellaneous expense	-	1,123	-	1,123
Total	$ 255,075	$ 8,815	$ 1,131	$ 265,021

	2015			
	Program Services	General and Administrative	Fundraising	Total
Grants for African Education	$ 102,024	$ -	$ -	$ 102,024
Professional fees	-	3,400	-	3,400
Insurance	680	338	338	1,356
Credit card & bank fees	-	723	-	723
Advertising	174	87	87	348
Other expense	-	816	-	816
In-kind expense	11,625	1,368	684	13,677
Miscellaneous expense	-	25	-	25
Total	$ 114,503	$ 6,757	$ 1,109	$ 122,369

See Accompanying Notes to Financial Statements

AFRICA CLASSROOM CONNECTION

STATEMENTS OF CASH FLOWS
December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in net assets:	$ (27,008)	$ 31,025
Adjustment to reconcile the change in net assets to net cash flows from operating activities:		
Changes in assets and liabilities		
Donations receivable	3,844	(5,189)
Prepaid expense	9,554	(9,591)
Credit card payable	(9,127)	9,126
Net cash flows from operating activities	(22,737)	25,371
Net change in cash and equivalents	(22,737)	25,371
Cash and cash equivalents - beginning of year	27,068	1,697
Cash and cash equivalents - end of year	$ 4,331	$ 27,068

See Accompanying Notes to Financial Statements

AFRICA CLASSROOM CONNECTION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Africa Classroom Connection (the Organization) is a 501(c)(3) tax-exempt nonprofit organization. The Organization raises funds to support building school classrooms in Africa, as well as to provide an emergency stay-in school fund for South African students.

Basis of accounting The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in the United States of America and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Tax status The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes.

The Organization accounts for uncertainty in income taxes recognized in the financial statements annually assessing its exposure for uncertain tax positions. If required, the Organization would accrue income taxes plus a related interest and penalty as a liability. For the years presented the Organization has recorded no liability for uncertain tax positions. Tax years ending after December 31, 2013 remain open and subject to examination for both federal and state returns.

Basis of presentation Support is classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- Permanently restricted net assets arise from contributions that are permanently restricted by donors for specific purposes. The Organization has no permanently restricted net assets.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Concentrations and credit risk The Organization maintains cash balances in financial institutions. From time to time, the cash balances may exceed the federally insured limit. Management regularly reviews the credit worthiness of the financial institutions and has not experienced any losses.

Cash and cash equivalents For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

Donations receivable Donations receivable represent unconditional promises to give and are due within one year.

Contributed materials Contributed materials are recorded as contributions, when received, at their estimated fair value where such value can be objectively and accurately determined.

Contributed services Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a nonfinancial asset or the service requires specialized skills provided by an individual possessing those skills, and would need to be purchased if not provided by donation. A substantial number of volunteers donate their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these statements since it does not meet the requirements of generally accepted accounting principles for recognition in financial statements.

Contributions Contributions are recorded at their net realizable values when the donor makes an unconditional promise to give to the Organization. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as satisfaction of donor restrictions.

AFRICA CLASSROOM CONNECTION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expenses Allocations are generally made as follows:

- Salaries by time spent on principal activities of each employee
- Employee benefits and payroll taxes according to the percentage used to allocate salaries
- All other expenses are allocated based on management estimates

Fair value measurements The Organization complies with Topic 820 of the Accounting Standards Codification. ASC Topic 820 defines fair value, establishes framework for measuring fair value and expands disclosure about fair value.

Under ASC Topic 820, fair value is determined using assumptions that market participants would use to determine the price of the asset or liability as opposed to measurements determined based upon information specific to the entity holding those assets and liabilities. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. To determine those market participant assumptions, ASC Topic 820 establishes a hierarchy of inputs that the entity must consider including both independent market data and the entities' assumptions about the market participant assumptions. This hierarchy is as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Quoted prices in markets that are not active, as those quoted market prices included in level 1, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Unobservable inputs, used when there is little or no market activity, for the asset or liability at the measurement date. These inputs represent the entity's own assumptions about the assumptions that market participants would use to price the asset or liability.

The Organization uses the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. All assets are classified as Level 1 as of December 31, 2016 and 2015.

AFRICA CLASSROOM CONNECTION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events Management evaluates events occurring subsequent to the date of the balance sheet in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through April 7, 2017 which is the date the financial statements were available to be issued.

Advertising costs Advertising costs are expensed as they are incurred. Total advertising costs for the years ended December 31, 2016 and 2015 were $0 and $349, respectively.

2. CONTINGENCIES

The Organization receives a substantial amount of its support from individual and corporate donors and private foundations. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

3. NET ASSETS

Net assets released from restriction at December 31, 2016 and 2015 consist of the following:

	2016	2015
African Trip Expenses	$ 23,011	$ -

Temporarily restricted assets at December 31, 2016 and 2015 consist of the following:

	2016	2015
African Trip Expenses	$ -	$ 23,011

4. IN-KIND DONATIONS

The Organization records in-kind donations at fair market value at the date of donation. In-kind donations include the following for the years ended December 31:

	2016	2015
Accounting services	$ 10,301	$ 9,716
Event donations	4,825	3,450
Rent	438	511
Total in-kind donations	$ 15,564	$ 13,677