

NORTH AMERICAN LIAISON BUREAU, INC.
FINANCIAL REPORT

Years Ended June 30, 2016 and 2015

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KRESGE, PLATT & ABARE CPAs, LLC

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
North American Liaison Bureau, Inc.
Winston-Salem, South Carolina

Report on the Financial Statements

We have reviewed the accompanying financial statements of North American Liaison Bureau, Inc., a Florida not-for-profit corporation (the "Organization"), which comprise the statements of financial position as of as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, except for the issue noted in the Known Departure From Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departure From Accounting Principles Generally Accepted in the United States of America

As discussed in Note 8 to the financial statements, accounting principles generally accepted in the United States of America require that costs of providing the various programs should include the allocation of indirect expenses. Management does not allocate these expenses. This departure from accounting principles generally accepted in the United States of America does not affect the change in net assets.

Supplementary Information

The supplementary information included in Schedules I and II on pages 11 and 12, respectively, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

Kresge, Platt & Abare CPAs, LLC

September 3, 2016
St. Augustine, Florida

NORTH AMERICAN LIAISON BUREAU, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash	\$ 200,302	\$ 205,796
Investments	1,445,953	1,382,164
TOTAL ASSETS	\$ 1,646,255	\$ 1,587,960
LIABILITIES AND NET ASSETS		
LIABILITIES		
Due to UPC	\$ -	\$ 541
TOTAL LIABILITIES	-	541
NET ASSETS		
Unrestricted	135,818	129,357
Temporarily restricted	1,510,437	1,458,062
TOTAL NET ASSETS	1,646,255	1,587,419
TOTAL LIABILITIES AND NET ASSETS	\$ 1,646,255	\$ 1,587,960

See accompanying notes and independent accountants' review report

NORTH AMERICAN LIAISON BUREAU, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contributions	\$ 59,958	\$ 210,466	\$ 270,424
Investment income	49	32,272	32,321
Realized and unrealized gain (loss), net	-	(20,267)	(20,267)
Total revenues and support	60,007	222,471	282,478
NET ASSETS RELEASED FROM RESTRICTIONS	170,096	(170,096)	-
 EXPENSES			
Scholarship program	84,884	-	84,884
Medical School program	86,237	-	86,237
Capacity building	30,000	-	30,000
Management and general	22,521	-	22,521
Total expenses	223,642	-	223,642
CHANGE IN NET ASSETS	6,461	52,375	58,836
NET ASSETS, BEGINNING	129,357	1,458,062	1,587,419
NET ASSETS, ENDING	\$ 135,818	\$ 1,510,437	\$ 1,646,255

See accompanying notes and independent accountants' review report

NORTH AMERICAN LIAISON BUREAU, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contributions	\$ 64,987	\$ 239,175	\$ 304,162
Investment income	24	28,214	28,238
Realized and unrealized gain (loss), net	-	17,817	17,817
Total revenues and support	65,011	285,206	350,217
NET ASSETS RELEASED FROM RESTRICTIONS	84,206	(84,206)	-
EXPENSES			
Scholarship program	70,680	-	70,680
Medical School program	6,810	-	6,810
Capacity building	30,000	-	30,000
Management and general	23,386	-	23,386
Total expenses	130,876	-	130,876
CHANGE IN NET ASSETS	18,341	201,000	219,341
NET ASSETS, BEGINNING	111,016	1,257,062	1,368,078
NET ASSETS, ENDING	\$ 129,357	\$ 1,458,062	\$ 1,587,419

See accompanying notes and independent accountants' review report

NORTH AMERICAN LIAISON BUREAU, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 58,836	\$ 219,341
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain(loss) on investments	20,267	(17,817)
Due to UPC	(541)	(140)
Net cash provided by operating activities	78,562	201,384
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of securities	(110,726)	(166,961)
Proceeds from the sale of securities	26,670	20,070
Net cash used by investing activities	(84,056)	(146,891)
 NET INCREASE (DECREASE) IN CASH	(5,494)	54,493
CASH, BEGINNING	205,796	151,303
CASH, ENDING	\$ 200,302	\$ 205,796

See accompanying notes and independent accountants' review report

NORTH AMERICAN LIAISON BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

The accompanying financial statements present the accounts and activities of North American Liaison Bureau, Inc. (the "Organization"), a Florida not-for-profit corporation. The Organization coordinates and supports awareness and fundraising projects that advance higher education in the Democratic Republic of Congo.

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 in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its ASC 958-210. Under FASB ASC 958-210, 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.

The assets, liabilities, and net assets of the Organization are reported in net asset classes as follows:

- a) Unrestricted Net Assets: Unrestricted net assets are resources over which the Board of Directors (the "Board") has discretionary control including those unrestricted net assets invested in property and equipment at the direction of the Board.
- b) Temporarily Restricted Net Assets: Temporarily restricted net assets are subject to donor-imposed stipulation that may or will be met by actions of the Organization and/or the passage of time. After the donor-imposed time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported within the statement of activities as net assets released from restrictions.
- c) Permanently Restricted Net Assets: Permanently restricted net assets are limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. At June 30, 2016 and 2015, there were no permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of 90 days or less.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts, including certain types of assets, liabilities, revenues and expenses, as well as disclosures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results could differ from those estimated. The nature of these estimates, however, is such that variances from actual results are held to be immaterial.

Investments

Investments are composed of publicly-traded equities, common stock and mutual funds and are carried at fair value.

NORTH AMERICAN LIAISON BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

All financial instruments are carried at amounts that approximate estimated fair value. Financial Accounting Standards Board ASC 820, *Fair Value Measurement* ("ASC 820"), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2

Inputs to the valuation methodology are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable for the asset or liability. Unobservable inputs are defined as inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

For the years ended June 30, 2016 and 2015, all financial instruments were considered to be level 1 inputs under the fair value hierarchy.

Contributions

In accordance with FASB ASC 958, *Financial Statements of Not-for-Profit Entities*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Under FASB ASC 958, contributions that are required to be reported as temporarily restricted support are then reclassified to unrestricted net assets upon expiration of time restrictions or satisfaction of donor restrictions.

Donated Materials and Services

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Donated services of a professional or skilled nature are presented at the estimated value of such services. Donated materials and equipment are reflected in the accompanying statements at their estimated value at date of receipt.

The Association's Board of Directors and its officer's serve without compensation. The value of these services is not recorded in the financial statements. Additionally, a number of volunteers periodically donate significant amounts of time to the Organization. No amounts have been reflected in the statements for these contributed services since the contribution of these services did not create or enhance non-financial assets or require specialized skills.

NORTH AMERICAN LIAISON BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

Accounting for Income Taxes

The Organization has adopted FASB ASC 740-10, *Accounting for Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on analyses of various federal and state filing positions of the Organization, management believes that its income tax filing positions and deductions are well documented and supported.

As of June 30, 2016, the Organization had no temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. Accordingly, no deferred tax assets or liabilities are recorded. Additionally, as of June 30, 2016, the Organization had no uncertain tax positions that would qualify for either recognition or disclosure in the financial statements. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FASB ASC 740-10. In addition, no cumulative effect adjustment related to the adoption of FASB ASC 740-10 was recorded.

There have been no increases or decreases in unrecognized tax benefits for current or prior years since the date of adoption. Furthermore, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, such interest and penalties will be reported as income tax expense.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. At June 30, 2016, the periods that remain open to examination under federal statute are for the tax years ended June 30, 2013 through 2015.

Agency Funds

In certain instances, the Organization acts as agent for the donor, who specifically designates funds for a certain beneficiary. These funds are transferred upon receipt to the beneficiary and are not recorded as contributions.

NOTE 3 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at June 30, 2015 and 2014:

	<u>2016</u>	<u>2015</u>
Scholarships	\$ 1,445,527	\$ 1,384,241
Medical School program	48,285	51,422
Capacity Building	10,665	16,439
Development	3,710	3,710
Campus internet	<u>2,250</u>	<u>2,250</u>
Total	<u>\$ 1,510,437</u>	<u>\$ 1,458,062</u>

NORTH AMERICAN LIAISON BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 INVESTMENT RETURN OBJECTIVES, STRATEGIES AND RISK PARAMETERS

The Organization has adopted investment and spending policies for the assets associated with named funds that are structured for long-term total return in order to primarily fund its scholarship programs. Under this policy, as approved by the Board of Directors, the assets associated with these named funds are invested in a manner to produce earnings while assuming a level of investment risk approved by the Board of Directors. The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 5 INVESTMENT SPENDING POLICY

At the discretion of the Board of Directors, investment earnings and corpus can be released for use according to the donor's restriction, namely a specific category of scholarships. Annually, the Board of Directors determines amounts to be expended for scholarships based on the specific needs of the University and other criteria at year end.

NOTE 6 INVESTMENTS

Investments are stated at fair value which was determined by reference to quoted market prices for similar investments, yield curves and other relevant information. The value assigned to investments received by gift is the fair value at the date of donation. The investments all qualify as level one investments within the fair value hierarchy. Cost and fair value measurements of investments are as follows as of June 30, 2016 and 2015.

2016			
	Cost	Fair Value	Unrealized Gain
Mutual Funds	<u>\$1,202,005</u>	<u>\$1,445,953</u>	<u>\$ 243,948</u>
2015			
	Cost	Fair Value	Unrealized Gain
Mutual Funds	<u>\$1,117,949</u>	<u>\$1,382,164</u>	<u>\$ 264,215</u>

Named funds totaling \$1,445,953 and \$1,383,167 at June 30, 2016 and 2015, respectively, include cash in the amount of \$0 at June 30, 2016 (\$1,003 at June 30, 2015). The following schedule summarizes the investment return on named funds, exclusive of cash, included in the temporarily restricted net assets and on the statements of activities for the years ended June 30, 2016 and 2015.

	Temporarily Restricted
Named funds included in temporarily restricted net assets, June 30, 2014	<u>\$ 1,217,456</u>
Investment return	
Investment income (reinvested)	28,187
Net appreciation (realized and unrealized)	<u>17,817</u>
Total investment return	<u>46,004</u>
Net purchases, exclusive of reinvested income	<u>138,774</u>
Net redemptions	<u>(20,070)</u>
Named funds included in temporarily restricted net assets, June 30, 2015	<u>1,382,164</u>
Investment return	
Investment income (reinvested)	32,084
Net depreciation (realized and unrealized)	<u>(20,114)</u>
Total investment return	<u>11,970</u>
Net purchases, exclusive of reinvested income	<u>78,489</u>
Net redemptions	<u>(26,670)</u>
Named funds included in temporarily restricted net assets, June 30, 2016	<u>\$ 1,445,953</u>

NORTH AMERICAN LIAISON BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Temporarily restricted net assets released during the years ended June 30, 2016 and 2015 were utilized for the following purposes:

	<u>2016</u>	<u>2015</u>
Designated scholarships	\$ 53,709	\$ 46,441
Capacity building	30,000	30,022
Medical School program	<u>86,387</u>	<u>7,743</u>
Total	<u>\$ 170,096</u>	<u>\$ 84,206</u>

NOTE 8 FUNCTIONAL ALLOCATION OF EXPENSES

Accounting principles generally accepted in the United States of America require that costs of providing the various programs should include the allocation of indirect expenses which relate to one program or a combination of programs. Management does not allocate these expenses to the various programs.

NOTE 9 CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances with high quality financial institutions. Accounts at these institutions currently are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, such balances may be in excess of the FDIC insurance limits. The Organization does not believe it is exposed to any significant credit risk on its cash and cash equivalents. There were no balances in excess of insured amounts at June 30, 2016.

NOTE 10 SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through September 3, 2016. No events were identified as necessary to be disclosed to keep these financial statements from being misleading or that provide additional evidence about conditions that existed at June 30, 2016, including estimates inherent in the process of preparing these financial statements.

SUPPLEMENTARY INFORMATION

NORTH AMERICAN LIAISON BUREAU, INC.
SCHEDULES OF MANAGEMENT AND GENERAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Accounting fees	\$ 5,500	\$ 5,500
Bank charges	744	759
Board meeting expense	7,691	5,857
Legal fees	924	1,956
Licenses	61	61
Mailing and postage	98	148
Office supplies	-	74
Operating expenses	5,072	3,555
Printing	2,431	2,276
Travel	-	3,200
Total	<u>\$ 22,521</u>	<u>\$ 23,386</u>

See independent accountants' review report

NORTH AMERICAN LIAISON BUREAU, INC.
SCHEDULE OF NAMED FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Certain donations are contributed to funds named for the donors or in memorial. It is the intention that the donations will be invested for a period of time designated by the Board of Directors in order to generate additional income. There are no permanent restrictions on the corpus of donations. The timing of expenditures is subject to board discretion. At June 30, 2016, the fair market value of each named fund appears below.

	Balance June 30, 2015	Additions	Scholarships Paid	Balance June 30, 2016
Baker	\$ 33,377	\$ 765	\$ (770)	\$ 33,372
Beeman	27,255	204	(620)	26,839
Bobb, Mary	19,527	147	(460)	19,214
Bokeleale	10,951	83	(250)	10,784
Booth	36,839	379	(860)	36,358
Brown	20,188	7,368	-	27,556
Cardwell SW	109,195	8,815	(2,310)	115,700
Cardwell WD	109,195	8,815	(2,310)	115,700
Cobble R	37,134	278	(870)	36,542
Crowder	-	25,000	-	25,000
Culp	28,130	211	(650)	27,691
Decker	3,813	2,674	-	6,487
Hartsfield	29,650	221	(700)	29,171
Henry, Alice	31,520	1,369	(700)	32,189
Hobgood, B & B	59,330	2,309	(970)	60,669
Hobgood, HC & TA	30,957	232	(730)	30,459
Inkima	26,646	199	(620)	26,225
Ishaku	92,657	693	(2,160)	91,190
Kanda	27,900	209	(640)	27,469
Liechty	14,680	6,300	-	20,980
Loewen	42,347	1,557	(960)	42,944
McKee	32,891	246	(770)	32,367
Nondi & Luta (J&J Clark)	29,102	218	(680)	28,640
Olson	5,675	1,835	-	7,510
Pryor	25,410	208	-	25,618
Richey	27,714	1,872	-	29,586
Ross, Mabel	23,939	180	(560)	23,559
Ross World Mission	101,064	756	(2,380)	99,440
Shafe	53,946	404	(1,270)	53,080
Spencer	34,232	256	(800)	33,688
Stanley	37,103	792	(870)	37,025
TASOK	24,186	6,822	-	31,008
Wanjola/Barger	21,187	173	-	21,360
Watson	29,181	210	(980)	28,411
Weeks	55,994	2,867	(1,070)	57,791
Whitmer	30,212	226	(710)	29,728
Whitteberry	45,386	372	-	45,758
Williams K/Mama Losangya	14,654	2,691	-	17,345
Total	<u>\$ 1,383,167</u>	<u>\$ 87,956</u>	<u>\$ (26,670)</u>	<u>\$ 1,444,453</u>

See independent accountants' review report