



Financial Statements & Review Report
For the Year Ended December 31, 2016



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Impact Network International, Inc.

We have reviewed the accompanying financial statements of Impact Network International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows and functional expenses for the year 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.

Accountant's 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.

Accountant's Conclusion

Based on our review, 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.

John Vazzana CPA PLLC

Brooklyn, New York

October 27, 2017

Impact Network International, Inc.
Statement of Financial Position
December 31, 2016

ASSETS

Cash and cash equivalents	\$ 106,410
Prepaid expenses	18,710
Security deposits	<u>1,550</u>
Total Assets	<u>\$ 126,670</u>

LIABILITIES & NET ASSETS

Accrued expenses	<u>\$ 8,369</u>
Total Liabilities	<u>8,369</u>

Net Assets

Unrestricted	73,336
Temporarily Restricted	44,965
Permanently Restricted	<u>-</u>
Total Net Assets	<u>118,301</u>
Total Liabilities and Net Assets	<u>\$ 126,670</u>

Impact Network International, Inc.
Statement of Activities
For year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support				
General contributions	\$ 104,237	\$ 163,920	\$ -	\$ 268,157
Special events (net of direct costs)	46,520	-	-	46,520
Other income	2,450	-	-	2,450
Total revenue and other support	<u>153,207</u>	<u>163,920</u>	<u>-</u>	<u>317,127</u>
Net assets released from restrictions				
Satisfaction of time and purpose restrictions	234,071	(234,071)	-	-
Total revenues, other support and net assets released from restrictions	<u>387,278</u>	<u>(70,151)</u>	<u>-</u>	<u>317,127</u>
Expenses				
Program services	228,559	-	-	228,559
Management and general	38,033	-	-	38,033
Fundraising	55,551	-	-	55,551
Total expenses	<u>322,143</u>	<u>-</u>	<u>-</u>	<u>322,143</u>
Changes in net assets	<u>65,135</u>	<u>(70,151)</u>	<u>-</u>	<u>(5,016)</u>
Net assets at beginning of year	<u>8,201</u>	<u>115,116</u>	<u>-</u>	<u>123,317</u>
Net assets at end of year	<u><u>\$ 73,336</u></u>	<u><u>\$ 44,965</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 118,301</u></u>

Impact Network International, Inc.
Statement of Cash Flows
For year ended December 31, 2016

CASH FLOW FROM OPERATING ACTIVITIES:

Changes in Net Assets	\$ (5,016)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:	
Changes in operating assets and liabilities	
Decrease/(increase) in:	
Prepaid expenses	(18,710)
Security deposit	(268)
(Decrease)/increase in:	
Accrued expenses	(4,843)
Net cash provided by/(used in) operating activities	(28,837)

CASH FLOW FROM INVESTING ACTIVITIES:

None	
Net cash provided by/(used in) investing activities	-

CASH FLOW FROM FINANCING ACTIVITIES:

None	
Net cash provided by/(used in) financing activities	-

NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,837)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	135,247
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 106,410

SUPPLEMENTAL CASH FLOWS INFORMATION: None

Impact Network International, Inc.
Statement of Functional Expenses
For year ended December 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 127,315	\$ -	\$ -	\$ 127,315
Compensation and fringe	84,387	18,452	47,399	150,238
Professional fees	-	3,800	-	3,800
Advertising and promotion	-	-	506	506
Office expenses	88	644	287	1,019
Occupancy	5,001	5,001	-	10,002
Travel and transportation	10,948	2,570	5,564	19,082
Insurance	-	2,728	-	2,728
Other fees	765	4,528	1,268	6,561
Printing	55	310	527	892
Total Expenses	<u>\$ 228,559</u>	<u>\$ 38,033</u>	<u>\$ 55,551</u>	<u>\$ 322,143</u>

Impact Network International, Inc.
Notes to Financial Statements
December 31, 2016

Note 1 - Description of Organization

Impact Network International, Inc. (“Impact Network” or the “Organization”) is a not-for-profit organization incorporated October 26, 2009 in New York State. The Organization was founded to promote cultural advancement to vulnerable communities in developing countries around the world, for example, by facilitating the provision of education services in rural Africa. Most schools built by the government in such regions lack basic supplies and skilled teachers. Impact Network has piloted the first eSchools in rural Zambia. This holistic solution delivers not just access, but quality education. It empowers local teachers with a laptop and projector loaded with activity-based lesson plans for each day. To date, Impact Network has 9 schools in rural Zambia which educates over 2,200 students. Funding is derived mainly from individual and foundation contributions. The Organization is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to the Organization within Internal Revenue Code requirements.

Note 2 - Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations on an accrual basis. The significant accounting and reporting policies used by the organization are described below.

Unrestricted Net Assets: Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting, from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Board-designated funds represent unrestricted funds which may, from time to time, be designated by the board of directors for specific purposes.

Temporarily Restricted Net Assets: Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the

Impact Network International, Inc.
Notes to Financial Statements
December 31, 2016

specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Permanently Restricted Net Assets: Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is the organization's beneficial interest in a perpetual charitable trust held by a bank trustee.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. Net losses on endowment investments reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

Cash Equivalents: Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Contributions (Pledges) Receivable: Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Land, Buildings, Property and Equipment: Land, buildings, property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$2,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Impact Network International, Inc.
Notes to Financial Statements
December 31, 2016

Accounting for Contributions: Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Gifts-in-Kind (Non-Cash Contributions): The organization periodically receives contributions in a form other than cash or investments. If the organization receives a non-cash contribution, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization's capitalization policy. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

Expense Recognition and Allocation: The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities.

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable; however, the actual results could differ from those estimates.

Advertising: The Organization expenses advertising costs the first time the advertising occurs.

Impact Network International, Inc.
Notes to Financial Statements
December 31, 2016

Note 3 - Restricted Net Assets

Impact Network had no permanently restricted net assets at December 31, 2016. The details for the temporarily restricted net assets for the year ending December 31, 2016 are as follows:

Name	Restriction Details	1/1/2016	Temporarily restricted contributions	Net assets released from restrictions	12/31/2016
Anthony Robbins Foundation	This grant will support outfitting the Nakatindi School in Livingstone with eLearning.	11,762	-	11,762	-
Noah Schick	These donations support the construction of a new school block.	-	600	600	-
American Institutes for Research	Supports to prepare for scale-up.	95,054	110,000	176,089	28,965
Netball Program	To support the netball program.	-	4,340	3,840	500
Scholarships	These donations support education programs.	-	33,480	33,480	-
2016 Goggio Grant	Supports Mnyaula Community School	8,300	-	8,300	-
International Foundation	Supports eLearning at 3 new schools	-	15,500	-	15,500
	Total	\$ 115,116	\$ 163,920	\$ 234,071	\$ 44,965

Note 4 - Operating Lease Commitments

On July 1, 2017 Impact Network entered into a lease through March 2019 for its administrative and program offices. Rent expense from prior leases, included in occupancy expenses, was \$10,002 for the year ending December 31, 2016. The difference between rent expense incurred by the Organization on the straight-line basis and cash paid for rent was deemed immaterial by management and thus is reported on a cash paid basis.

The following is a schedule of future minimum rental payments for the years ending December 31:

2017	5,800
2018	17,400
2019	4,350

Total future minimum rental payments under the office lease is \$ 27,550.

Impact Network International, Inc.
Notes to Financial Statements
December 31, 2016

Note 5 - Special Events

The details of Special events are as follows:

Special events income	\$ 116,373
Special events direct costs	<u>(69,853)</u>
Total	<u>\$ 46,520</u>

Included in special events income are non-cash items that were donated for special event fundraisers in the amount of \$33,045.

Note 6 - Donated Services

Through the commitment and dedication of its founders, board members and others, the organization receives significant amounts of volunteer services. Although substantial, these donated services do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America.

Note 7 - Concentrations of Risk

The Organization maintains its cash deposits with quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to limits set by law. As of December 31, 2016 there were no uninsured balances.

Note 8 - Subsequent Events

Subsequent events have been evaluated through October 27, 2017, which is the date the financial statements were available to be issued.