

The GEANCO Foundation

Financial Statements for the Years Ended
December 31, 2016 and 2015
Together with Independent Auditor's Report

The GEANCO Foundation
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December 31, 2016 and 2015

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Independent Auditor's Report

To the Board of Directors of
The GEANCO Foundation

We have audited the accompanying financial statements of The GEANCO Foundation (a nonprofit organization, "the Foundation"), which consist of the statements of financial position as of December 31, 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.

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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The GEANCO Foundation as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Auditor's Updated Opinion on Prior Year Financial Statements

In our report dated March 15, 2016, we expressed an opinion that the 2015 statement of financial position of The GEANCO Foundation, and the related statement of activities were presented fairly in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As described in Note 1, the Foundation has changed its method of accounting from the cash basis and has restated its 2015 financial statements to conform with accounting principles generally accepted in the United States of America. Accordingly, our present opinion on the 2016 and 2015 financial statements, as presented herein, is different from that expressed in our previous report.

PAP CPA INC.

PAP CPA, Inc.

April 13, 2017

The GEANCO Foundation
 Statements of Financial Position
 As of December 31, 2016, and 2015

	2016	(As Restated) 2015
Current Assets		
Cash and Cash Equivalents	\$ 540,507	\$ 614,125
Investments	24,713	-
Pledges Receivable	63,400	13,387
Medical Supplies and Equipment	693,413	-
Total Assets	\$ 1,322,033	\$ 627,512
Current Liabilities		
Accrued Expenses	\$ 1,209	\$ -
Net Assets		
Unrestricted	\$ 468,130	\$ 399,012
Temporary Restricted	852,694	228,500
Total Net Assets	\$ 1,320,824	\$ 627,512
Total Net Assets and Liabilities	\$ 1,322,033	\$ 627,512

See accompanying notes to the financial statements.

The GEANCO Foundation
Statement of Activities
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>% of Total Expense</u>
Contribution and Other Revenues				
Cash contributions and gifts	\$ 228,509	\$ 216,554	\$ 445,063	
Non-cash contributions	-	693,413	693,413	
Other expense	(383)	-	(383)	
Total Contribution Revenues	<u>228,126</u>	<u>909,967</u>	<u>1,138,093</u>	
Expenses				
Program, including	64,958	271,023	335,981	75.54%
- Medical mission to Nigeria				
- Donations of computers and educational materials to Nigerian schools				
- Clinton Global Initiative (CGI) daily anemia screenings and treatment				
- David Oyelowo Leadership Scholarship for young female victims of terrorism and gender inequality				
- Maternal health and Infant health				
- Hospital development				
Fundraising	71,516	4,875	76,391	17.17%
Administrative	22,534	9,875	32,409	7.29%
Total Expenses	<u>159,008</u>	<u>285,773</u>	<u>444,781</u>	<u>100%</u>
Increase in Net Assets	69,118	624,194	693,312	
Net Assets Beginning of Year	399,012	228,500	627,512	
Net Assets End of Year	<u>\$ 468,130</u>	<u>\$ 852,694</u>	<u>\$ 1,320,824</u>	

See accompanying notes to the financial statements.

The GEANCO Foundation
Statement of Activities
For the Year Ended December 31, 2015

	(As Restated)			
	(As Restated) Unrestricted	Temporarily Restricted	(As Restated) Total	% of Total Expense
Revenues				
Cash contributions and gifts	\$ 373,234	\$ 281,629	\$ 654,863	
Non-cash contributions	648,723	-	648,723	
Total Revenues	1,021,957	281,629	1,303,586	
 Expenses				
Program, including	934,020	53,129	987,149	90.15%
- Special orthopedic mission to Nigeria				
- Donations of computers and educational materials to Nigerian schools				
- Clinton Global Initiative (CGI) daily anemia screenings and treatment				
- Maternal health and Infant health				
- Hospital development				
Fundraising	77,275	-	77,275	7.06%
Administrative	30,551	-	30,551	2.79%
Total Expenses	1,041,846	53,129	1,094,975	100%
(Decrease)/Increase in Net Assets	(19,889)	228,500	208,611	
Net Assets Beginning of Year	418,901	-	418,901	
Net Assets End of Year	\$ 399,012	\$ 228,500	\$ 627,512	

See accompanying notes to the financial statements.

The GEANCO Foundation
 Statements of Cash Flows
 December 31, 2016 and 2015

	2016	2015
Operating Activities		
Change in net assets	\$ 693,312	\$ 193,407
Adjustments to reconcile change in net assets to net cash from operating activities:		
In-kind donations of medical supplies on hand	(693,413)	-
Donation of stock	(25,038)	-
Changes in operating assets and liabilities:		
Pledges	(50,013)	1,817
Accrued expenses	1,209	-
Net Cash (Used in) From Operating Activities	(73,943)	195,224
Investing Activities		
Dividend income	325	-
Net Cash from Investing Activities	325	-
Net Change in Cash and Cash Equivalents	(73,618)	195,224
Cash and Cash Equivalents at Beginning of Period	614,125	418,901
Cash and Cash Equivalents at End of Period	\$ 540,507	\$ 614,125

The GEANCO Foundation
Notes to Financial Statements
December 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of The GEANCO Foundation (the "Foundation") is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management who is responsible for the integrity and objectivity of the financial statements.

Description of Operations

The Foundation was created as a not-for-profit foundation and incorporated in the State of Illinois in 2005. The principal activities of the Foundation are to receive and/or maintain funds which drive its mission to save and transform lives in Africa. The Foundation organizes African Health symposia in the United States which have featured Nobel Prize and Academy Award winners. It directs a Clinton Global Initiative maternal and infant health program in Nigeria. The Foundation leads special missions to the country, during which surgical and medical procedures are performed on physically-impaired, indigent patients and local surgeons are trained on modern medical equipment and surgical techniques.

In August 2016, The Foundation led a medical mission to Nigeria during which thousands of safe delivery-maternal health kits were donated to the Commissioner for Health and the First Lady of Anambra State. Foundation leaders also made official visits to the partner hospitals that manage the daily screening and treatment of vulnerable women and children for anemia, a dangerous blood condition. In April 2015, The Foundation led a special medical mission to Nigeria during which its surgical team performed 26 complex joint replacements and long bone surgeries on indigent patients. The Foundation also donated and installed the SIGN Fracture Care system at the Anambra State University Teaching Hospital. This SIGN system allows local surgeons at that facility to repair long bone fractures in a sustainable, efficient and cost-effective basis. The Foundation is planning another special medical mission during 2017.

During 2016, the Foundation partnered with acclaimed actor and humanitarian David Oyelowo to launch a leadership scholarship for girls in Nigeria who have been negatively impacted by acts of terrorism and gender inequality in Nigeria. Scholarships were offered to three girls to cover full tuition for one year (including room and board and summer tutoring) to attend Nigeria's Anglican Girls Grammar School, a school well known for its emphasis on science and math.

The Foundation also advances education in Nigeria by donating computers and other critical educational supplies and materials to local schools. In August 2016, The Foundation donated computers, electronic whiteboards, science and lab equipment, and a clean water system to the Anglican Girls Grammar School. During 2015, the Foundation provided books, educational materials, clothing and medicine to local schools and funded the purchase of laptop computers for students and a diesel generator that will allow a school to function better during Nigeria's frequent blackouts. The Foundation also funded 90% of the cost of a new soccer field at Brightland Academy in Nigeria. The Foundation donated the remaining 10% in early 2017, and the field officially opened in March 2017.

The GEANCO Foundation
Notes to Financial Statements
December 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Funds received by the Foundation provide opportunities for research, collaboration and cooperation between individuals and groups in the United States and individuals and groups based in Africa. The Foundation relies on individual donors, family foundations, law firms and corporations for its primary support. Significant accounting policies followed by the Foundation are presented below.

Basis of Accounting

The Foundation has changed its method of accounting from the cash basis and has restated its 2015 financial statements to conform with accounting principles generally accepted in the United States of America. The effect of the change was the addition of the pledges receivable account of \$13,387 and a corresponding increase by the same amount to revenues and net assets. There were no accrued expenses at December 31, 2015. The accompanying financial statements have been prepared in accordance with standards for not-for-profit organizations adopted by the Financial Accounting Standards Board. They are stated on the accrual basis of accounting whereby expenses are recorded when incurred, and donation revenues are recorded when pledged.

Financial Statement Presentation

Financial statement presentation follows the requirements of the Not for Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification). Under the Codification, the Foundation 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, as applicable.

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 at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers cash to be short-term, highly liquid investments that have maturities of three months or less. There are temporary restrictions on \$175,781 and \$228,500 of the Foundation's cash balances at December 31, 2016 and 2015, respectively. The majority of the Foundation's cash is held in one commercial bank located in Illinois. This account is insured by

The GEANCO Foundation
Notes to Financial Statements
December 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (continued)

the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash deposits at times during the year may exceed limits of coverage. As of December 31, 2016 and 2015, the Company had approximately \$289,182 and \$363,125 in excess of FDIC insured limits, respectively. The Foundation also held \$1,325 and \$1,000 of cash in an investment account at December 31, 2016 and 2015, respectively.

Investments

Investments are reported at fair value. In July of 2016, the Foundation received a donation of equity securities in one publicly traded company. The equity securities are considered a Level 1 investment as the fair value is determined at December 31, 2016 based on the publicly quoted market price of the common stock as traded on the New York Stock Exchange. Dividend income and unrealized holding gains and losses are included in other revenue (expense) in the statement of activities and are not material to the financial statements at December 31, 2016.

Revenues

Contributions are recognized when the donor makes a pledge to the Foundation. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions not subject to donor restrictions are reported as unrestricted revenue. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted contributions. There were \$216,554 temporarily restricted cash contributions received in 2016, with \$175,781 remaining temporarily restricted at December 31, 2016. There were \$281,629 temporarily restricted cash contributions received in 2015, with \$228,500 remaining temporarily restricted at December 31, 2015.

Contributions In-Kind

The Foundation receives contributions-in kind, such as medical equipment, prosthetic implants, and other medical supplies and instruments for use during medical missions in Nigeria. Contributions-in kind revenue are recognized in circumstances in which the Foundation has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with FASB ASC 958-605-25. Accordingly, the recognition of contributions-in kind revenue is limited to circumstances in which the Foundation takes constructive possession of the contributions-in kind and the Foundation is the recipient of the gift, rather than an agent or intermediary (as defined by the accounting standards). Contributions-in kind received through donations are valued and recorded as revenue at their fair value at the time the contribution is received.

The GEANCO Foundation
Notes to Financial Statements
December 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (continued)

In circumstances in which the Foundation distributes the contributions-in kind to Nigeria to use as part of its medical missions, it reports an expense, which is reported in the program functional classification. During 2016, the Foundation received an in-kind contribution from Zimmer Holdings, Inc. of medical supplies and equipment with an estimated fair value of \$693,413 at December 31, 2016. This in-kind contribution will be used in a 2017 special medical mission in Nigeria and is included as a current asset in the statement of financial position and as a temporarily restricted non-cash contribution in the statement of activities.

During 2015, the Foundation received an in-kind contribution from Zimmer Holdings, Inc. of prosthetic implants, medical supplies and instruments, and from Direct Relief of medication, medical supplies, and other medical materials. These donations were distributed to Nigeria and used during an April 2015 medical mission. The estimated fair values of these contributions at the date of receipt were \$624,089 (Zimmer donation) and \$24,634 (Direct Relief donation). These donations were classified as non-cash contributions with an offsetting and equal amount classified within program expenses in the statement of activities-cash basis, resulting in no net impact on the change in net assets during the year.

Allocation of Expenses

The costs of providing the Foundation's various programs, events and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain joint costs have been allocated among program, fundraising and administration on the basis of management estimates.

Tax Exempt Status

The Foundation is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Based upon the Foundation's evaluation of its income tax positions as of December 31, 2016 and 2015, the Foundation has no unrecognized tax positions. As of December 31, 2016, the tax years ended December 31, 2007 through 2016 remain open for statutory examination by federal and state tax authorities.

Note 1 - Summary of Significant Accounting Policies (continued)

Contributed Services & Facilities

Contributed services are reported as contributions at their fair value if such services create or enhance non-financial assets or would have been purchased if not provided by donation. The Foundation did not receive any contributed services during the years ended December 31, 2016 and 2015.

The Foundation operates out of small office facilities in Chicago and Los Angeles for its sole employee and administration. The Foundation is not charged rent for these facilities and has no signed operating lease for either location. The value of the office space has not been determined and is not recorded in the accompanying financial statements.

Note 2 - Related Party Transactions

There were no related party transactions during the years ended December 31, 2016 and 2015.

Note 3 - Other Matters

In January 2005, the Government of Anambra State of Nigeria informed the Foundation that land reasonable in size will be allocated to the Foundation to establish a hospital and an international center. This land will be allocated once a formal application is made by the Foundation. The Government has attached the condition that development will commence immediately upon the allocation of the land. The Foundation has secured the land for establishment of the hospital and international center, but has yet to obtain possession of the land through the formal application process and has not begun project construction.

Note 4 - Concentrations of Major Donors

For the year ended December 31, 2016 approximately 70% of the Foundation's contributions were attributed to two donors, one of which was the non-cash contribution in-kind received by Zimmer Holdings, Inc. described in Note 1. For the year ended December 31, 2015, approximately 64% of the Foundation's contributions were attributed to three donors

Note 5 - Subsequent Events and Commitments

Management has evaluated subsequent events through April 13, 2017, the date on which the financial statements were available to be issued.