

# The GEANCO Foundation

Financial Statements for the Years Ended  
December 31, 2017 and 2016  
Together with Independent Auditor's Report

The GEANCO Foundation  
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December 31, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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.

PAP CPA INC.

*PAP CPA, Inc.*

March 23, 2018

The GEANCO Foundation  
 Statements of Financial Position  
 As of December 31, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 654,014	\$ 540,507
Investments	28,363	24,713
Pledges Receivable	21,131	63,400
Medical Supplies and Equipment	-	693,413
<b>Total Assets</b>	<b>\$ 703,508</b>	<b>\$ 1,322,033</b>
<b>Current Liabilities</b>		
Accrued Expenses	\$ 13,928	\$ 1,209
<b>Net Assets</b>		
Unrestricted	\$ 556,079	\$ 468,130
Temporary Restricted	133,501	852,694
<b>Total Net Assets</b>	<b>\$ 689,580</b>	<b>\$ 1,320,824</b>
<b>Total Net Assets and Liabilities</b>	<b>\$ 703,508</b>	<b>\$ 1,322,033</b>

See accompanying notes to the financial statements.

The GEANCO Foundation  
Statement of Activities  
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>% of Total Expense</u>
<b>Contribution and Other Revenues</b>				
Cash contributions and gifts	\$ 354,349	\$ 131,381	\$ 485,730	
Non-cash contributions	-	337,063	337,063	
Other income	4,324	-	4,324	
<b>Total Contribution Revenues</b>	<u>358,673</u>	<u>468,444</u>	<u>827,117</u>	
<b>Expenses</b>				
Program, including	169,584	1,175,137	1,344,721	92.21%
- Joint replacement surgical mission to Nigeria				
- Donations of laptops and provision of internet access to Nigerian schools				
- Clinton Global Initiative (CGI) daily anemia screenings and treatment for women and children				
- David Oyelowo Leadership Scholarship for young female victims of terrorism and gender inequality				
- Safe delivery and maternal and infant health initiative				
Fundraising	78,160	3,750	81,910	5.62%
Administrative	22,980	8,750	31,730	2.18%
<b>Total Expenses</b>	<u>270,724</u>	<u>1,187,637</u>	<u>1,458,361</u>	<u>100%</u>
<b>Increase (Decrease) in Net Assets</b>	87,949	(719,193)	(631,244)	
<b>Net Assets Beginning of Year</b>	468,130	852,694	1,320,824	
<b>Net Assets End of Year</b>	<u>\$ 556,079</u>	<u>\$ 133,501</u>	<u>\$ 689,580</u>	

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>
<b>Revenues</b>				
Cash contributions and gifts	\$ 228,509	\$ 216,554	\$ 445,063	
Non-cash contributions	-	693,413	693,413	
Other expense	(383)	-	(383)	
<b>Total Revenues</b>	<u>228,126</u>	<u>909,967</u>	<u>1,138,093</u>	
<b>Expenses</b>				
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%
<b>Total Expenses</b>	<u>159,008</u>	<u>285,773</u>	<u>444,781</u>	<u>100%</u>
<b>Increase in Net Assets</b>	69,118	624,194	693,312	
<b>Net Assets Beginning of Year</b>	399,012	228,500	627,512	
<b>Net Assets End of Year</b>	<u>\$ 468,130</u>	<u>\$ 852,694</u>	<u>\$ 1,320,824</u>	

See accompanying notes to the financial statements.

The GEANCO Foundation  
 Statements of Cash Flows  
 December 31, 2017 and 2016

	2017	2016
Operating Activities		
Change in net assets	\$ (631,244)	\$ 693,312
Adjustments to reconcile change in net assets to net cash from operating activities:		
Decrease (Increase) in Pledges	42,269	(50,013)
Increase in Investments	(4,324)	(25,038)
Decrease (Increase) in Medical supplies and equipment	693,413	(693,413)
Increase in Accrued expenses	12,719	1,209
Net Cash From (Used in) Operating Activities	112,833	(73,943)
Investing Activities		
Dividend income	674	325
Net Cash from Investing Activities	674	325
Net Change in Cash and Cash Equivalents	113,507	(73,618)
Cash and Cash Equivalents at Beginning of Period	540,507	614,125
Cash and Cash Equivalents at End of Period	\$ 654,014	\$ 540,507

## **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 November 2017, the Foundation led a special medical mission to Nigeria during which its surgical team performed 34 complex joint replacements and long bone surgeries on indigent patients. The foundation also donated 2,000 safe delivery-maternal health kits to the Commissioner for Health and the First Lady of Anambra State. In addition, 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. Through this program, over 11,000 women and children have been screened since 2013. The Foundation also covered the cost of anemia treatment for 88 pregnant women each month in 2017.

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. 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 2018.

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. During 2016, scholarships were offered to three girls to cover full tuition for one year (including room and board, supplies, medical care and summer housing and tutoring) to attend Nigeria's Anglican Girls Grammar School, a school well known for its emphasis on science and math. During 2017, scholarships were offered to two additional girls.

**Note 1 - Summary of Significant Accounting Policies (continued)**

The Foundation also advances education in Nigeria by donating computers and other critical educational supplies and materials to local schools. During 2017, the Foundation donated 20 laptops and provided the funding necessary to bring internet access to the students' computer lab at the Anglican Girls Grammar School. In August 2016, the Foundation donated computers, electronic whiteboards, science and lab equipment, and a clean water system to the Anglican Girls Grammar School. The Foundation also funded 100% of the cost of a new soccer field at Brightland Academy in Nigeria during the 2016 and 2017 years. The field officially opened at Brightland Academy in March 2017.

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 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.

The GEANCO Foundation  
Notes to Financial Statements  
December 31, 2017 and 2016

**Note 1 - Summary of Significant Accounting Policies (continued)**

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 \$133,501 and \$175,781 of the Foundation's cash balances at December 31, 2017 and 2016, respectively. The majority of the Foundation's cash is held in one commercial bank located in Illinois. This account is insured by 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, 2017, and 2016, the Company had approximately \$402,015 and \$289,182 in excess of FDIC insured limits, respectively. The Foundation also held \$1,999 and \$1,325 of cash in an investment account at December 31, 2017 and 2016, 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, 2017 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 income (expense) in the statement of activities and are not material to the financial statements at December 31, 2017 and 2016, respectively.

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 \$131,381 temporarily restricted cash contributions received in 2017, with \$133,501 remaining temporarily restricted at December 31, 2017. There were \$216,554 temporarily restricted cash contributions received in 2016, with \$175,781 remaining temporarily restricted at December 31, 2017.

The GEANCO Foundation  
Notes to Financial Statements  
December 31, 2017 and 2016

**Note 1 – Summary of Significant Accounting Policies (continued)**

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.

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 2017, the Foundation received an in-kind contribution from Medacta, USA, Inc. of medical supplies and equipment with an estimated fair value of \$337,063 that is classified as a temporarily restricted non-cash contribution in the statement of activities at December 31, 2017. 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 that was included as a current asset in the statement of financial position and as a temporarily restricted non-cash contribution in the statement of activities at December 31, 2016. Both the 2016 and 2017 in-kind contributions were used in the November 2017 special medical mission in Nigeria and both are classified within program expenses in the statement of activities at December 31, 2017.

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).

The GEANCO Foundation  
Notes to Financial Statements  
December 31, 2017 and 2016

**Note 1 - Summary of Significant Accounting Policies (continued)**

Based upon the Foundation's evaluation of its income tax positions as of December 31, 2017 and 2016, the Foundation has no unrecognized tax positions. As of December 31, 2017, the tax years ended December 31, 2007 through 2017 remain open for statutory examination by federal and state tax authorities.

*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, 2017 and 2016.

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, 2017 and 2016.

**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, 2017 approximately 38% of the Foundation's contributions were attributed to the non-cash in-kind contribution received from Medacta USA, Inc. described in Note 1. 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 in-kind contribution received from Zimmer Holdings, Inc. also described in Note 1.

The GEANCO Foundation  
Notes to Financial Statements  
December 31, 2017 and 2016

**Note 5 - Subsequent Events and Commitments**

Management has evaluated subsequent events through March 23, 2018, the date on which the financial statements were available to be issued.