

**INVISIBLE CHILDREN, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

## INVISIBLE CHILDREN, INC.

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**INDEPENDENT AUDITOR'S REPORT**

To The Board of Directors  
Invisible Children, Inc.

We have audited the accompanying financial statements of Invisible Children, Inc. , A Nonprofit Organization, which comprise of the statement of financial position as of June 30, 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 audit 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 Invisible Children, Inc., A Nonprofit Organization, as of June 30, 2016 and 2015, and the results of its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



CONSIDINE & CONSIDINE  
An Accountancy Corporation

October 28, 2016

**INVISIBLE CHILDREN, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 AND 2015**

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	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 557,699	\$ 777,578
Receivables	25,043	60,219
Prepaid Expenses	19,618	19,426
	602,360	857,223
<b>PROPERTY AND EQUIPMENT (NOTE 3)</b>	4,551	35,564
<b>OTHER ASSETS</b>		
Security Deposits	6,417	5,367
<b>TOTAL ASSETS</b>	613,328	898,154
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	16,826	30,695
Deferred Revenue	29,500	-
<b>TOTAL LIABILITIES</b>	46,326	30,695
<b>NET ASSETS (NOTE 4)</b>		
Unrestricted	564,101	865,922
Temporarily Restricted	2,901	1,537
	567,002	867,459
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 613,328	\$ 898,154

See Accompanying Notes

**INVISIBLE CHILDREN, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>SUPPORT AND REVENUE</b>			
Foundation Grants and Partnerships	\$ 644,959	\$ 262,382	\$ 907,341
General Donations	374,316	4,114	378,430
Program Revenue	328,856	-	328,856
Other Income	43,127	-	43,127
	<u>1,391,258</u>	<u>266,496</u>	<u>1,657,754</u>
Net Assets Released From Temporary Restriction	265,132	(265,132)	-
	<u>1,656,390</u>	<u>1,364</u>	<u>1,657,754</u>
<b>EXPENSES</b>			
Program Services:			
Mobilization	121,940	-	121,940
Protection	1,517,409	-	1,517,409
	<u>1,639,349</u>	<u>-</u>	<u>1,639,349</u>
Supporting Services:			
General and Administrative	227,053	-	227,053
Development	91,350	-	91,350
	<u>318,403</u>	<u>-</u>	<u>318,403</u>
<b>TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES</b>	<u>1,957,752</u>	<u>-</u>	<u>1,957,752</u>
<b>OPERATING CHANGE IN NET ASSETS</b>	(301,362)	1,364	(299,998)
<b>OTHER EXPENSES</b>			
Loss on Disposal of Property and Equipment	459	-	459
<b>TOTAL CHANGE IN NET ASSETS</b>	(301,821)	1,364	(300,457)
<b>NET ASSETS - BEGINNING OF YEAR</b>	865,922	1,537	867,459
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 564,101</u>	<u>\$ 2,901</u>	<u>\$ 567,002</u>

See Accompanying Notes

**INVISIBLE CHILDREN, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Foundation Grants and Partnerships	\$ 1,240,535	\$ 146,056	\$ 1,386,591
General Donations	840,908	63,353	904,261
Other Income	314,108	-	314,108
Awareness Products	181,179	-	181,179
	2,576,730	209,409	2,786,139
Net Assets Released From Temporary Restriction	383,915	(383,915)	-
	2,960,645	(174,506)	2,786,139
<b>EXPENSES</b>			
Program Services:			
Media	501,952	-	501,952
Mobilization	184,804	-	184,804
Protection	1,521,912	-	1,521,912
Recovery	373,007	-	373,007
	2,581,675	-	2,581,675
Supporting Services:			
General and Administrative	707,506	-	707,506
Development	365,226	-	365,226
	1,072,732	-	1,072,732
<b>TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES</b>	3,654,407	-	3,654,407
<b>COST OF AWARENESS PRODUCTS</b>	84,154	-	84,154
<b>TOTAL OPERATING EXPENSES</b>	3,738,561	-	3,738,561
<b>OPERATING CHANGE IN NET ASSETS</b>	(777,916)	(174,506)	(952,422)
<b>OTHER EXPENSES</b>			
Loss on Disposal of Property and Equipment	180,449	-	180,449
<b>TOAL CHANGE IN NET ASSETS</b>	(958,365)	(174,506)	(1,132,871)
<b>NET ASSETS - BEGINNING OF YEAR</b>	1,824,287	176,043	2,000,330
<b>NET ASSETS - END OF YEAR</b>	\$ 865,922	\$ 1,537	\$ 867,459

See Accompanying Notes

**INVISIBLE CHILDREN, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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Expenses	Mobilization	Protection	Total Program Services	General and Administrative	Development	Total Supporting Services	Total
Communications	\$ 3,370	\$ 4,301	\$ 7,671	\$ -	\$ 641	\$ 641	\$ 8,312
Equipment	7,558	2,757	10,315	1,175	2,191	3,366	13,681
Fees and Licenses	-	803	803	4,744	20,541	25,285	26,088
Film Production	142	-	142	-	36	36	178
Insurance	3,776	14,815	18,591	6,170	2,158	8,328	26,919
International Support	-	1,301,525	1,301,525	-	-	-	1,301,525
Office	200	1,457	1,657	7,809	13	7,822	9,479
Professional Services	1,296	11,312	12,608	67,230	1,644	68,874	81,482
Rent	6,163	8,522	14,685	9,895	3,523	13,418	28,103
Salaries	81,368	112,504	193,872	96,912	52,488	149,400	343,272
Shipping and Handling	6	-	6	442	28	470	476
Taxes and Employee Benefits	7,299	8,211	15,510	8,092	6,593	14,685	30,195
Transportation	3,270	49,815	53,085	5,223	1,021	6,244	59,329
Utilities	571	1,387	1,958	689	367	1,056	3,014
Total Expenses Before Depreciation	115,019	1,517,409	1,632,428	208,381	91,244	299,625	1,932,053
Depreciation	6,921	-	6,921	18,672	106	18,778	25,699
Total Program and Supporting Services Expenses	<u>\$ 121,940</u>	<u>\$ 1,517,409</u>	<u>\$ 1,639,349</u>	<u>\$ 227,053</u>	<u>\$ 91,350</u>	<u>\$ 318,403</u>	<u>\$ 1,957,752</u>



**INVISIBLE CHILDREN, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Expenses	Media	Mobilization	Protection	Recovery	Total Program Services	General and Administrative	Development	Total Supporting Services	Total
Communications	\$ 32,774	\$ 3,667	\$ 7,720	\$ -	\$ 44,161	\$ 8,339	\$ 7,307	\$ 15,646	\$ 59,807
Event Production	-	5,453	-	-	5,453	-	-	-	5,453
Equipment	4,518	14,437	4,128	414	23,497	6,476	5,607	12,083	35,580
Fees and Licenses	150	5,639	-	-	5,789	14,108	44,997	59,105	64,894
Film Production	385	-	-	-	385	-	898	898	1,283
Insurance	21,700	8,266	2,205	14,359	46,530	12,076	4,328	16,404	62,934
International Support	-	-	1,268,844	306,116	1,574,960	-	-	-	1,574,960
Office	73	2,375	85	2,206	4,739	17,027	3,209	20,236	24,975
Professional Services	123,622	2,600	82,131	-	208,353	71,054	22,598	93,652	302,005
Rent	73,981	25,359	-	5,317	104,657	189,132	23,909	213,041	317,698
Salaries	163,664	53,488	122,256	35,942	375,350	199,460	209,344	408,804	784,154
Shipping and Handling	197	26,408	41	-	26,646	2,014	4	2,018	28,664
Taxes and Employee Benefits	25,623	6,738	10,949	2,530	45,840	61,010	15,354	76,364	122,204
Transportation	950	15,790	22,038	4,753	43,531	15,553	21,597	37,150	80,681
Utilities	16,768	3,773	1,030	1,370	22,941	10,760	4,019	14,779	37,720
<b>Total Expenses Before Depreciation</b>	<b>464,405</b>	<b>173,993</b>	<b>1,521,427</b>	<b>373,007</b>	<b>2,532,832</b>	<b>607,009</b>	<b>363,171</b>	<b>970,180</b>	<b>3,503,012</b>
Depreciation	37,547	10,811	485	-	48,843	100,497	2,055	102,552	151,395
<b>Total Program and Supporting Services Expenses</b>	<b>\$ 501,952</b>	<b>\$ 184,804</b>	<b>\$ 1,521,912</b>	<b>\$ 373,007</b>	<b>\$ 2,581,675</b>	<b>\$ 707,506</b>	<b>\$ 365,226</b>	<b>\$ 1,072,732</b>	<b>\$ 3,654,407</b>

**INVISIBLE CHILDREN, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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	2016	2015
<b>CASH FLOWS USED BY OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (300,457)	\$ (1,132,871)
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ACTIVITIES TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Depreciation	25,699	151,395
Loss on Disposal of Property and Equipment	459	180,449
Changes in Operating Assets and Liabilities		
Receivables	35,176	279,939
Awareness Product Inventory	-	78,767
Prepaid Expenses	(192)	143,427
Security Deposits	(1,050)	122,710
Accounts Payable and Accrued Liabilities	(13,869)	(144,985)
Deferred Rent	-	(103,802)
Deferred Revenue	29,500	(548)
	75,723	707,352
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	(224,734)	(425,519)
<b>CASH FLOWS PROVIDED/(USED) BY INVESTING ACTIVITIES</b>		
Net Proceeds on Sale of Property and Equipment	4,855	76,112
<b>NET DECREASE IN CASH</b>	(219,879)	(349,407)
<b>CASH, BEGINNING OF YEAR</b>	777,578	1,126,985
<b>CASH, END OF YEAR</b>	\$ 557,699	\$ 777,578

See Disclosure of Noncash Items in Note 2 - Donated Goods & Services

See Accompanying Notes

**INVISIBLE CHILDREN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

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**NOTE 1 ORGANIZATION**

Invisible Children (the "Organization") was founded in 2004, receiving its 501(c)(3) status from the IRS in 2005, with the specific mission to end Africa's longest-running conflict, led by Joseph Kony and his Lord's Resistance Army (LRA). Since the Organization's founding, it has mobilized unprecedented international action to stop the LRA, helped reduce LRA killings by 93%, and helped thousands of central African families become safer from violence through innovative protection programs.

In its more than 10 years working hand-in-hand with communities affected by the LRA, the Organization has developed unparalleled experience, respected expertise, and a strong network of relationships with community leaders across central Africa. Today, utilizing this experience, the Organization has expanded the scope of its mission and programs to protect communities in central Africa from a multitude of threats to their safety that they face on a daily basis, which still includes, but is not limited to, LRA violence.

In December 2014, the Organization worked in collaboration with its regional partners to sunset ongoing grants to education and economic recovery programs in Northern Uganda, so that it may focus greater resources toward programming in areas of central Africa that are currently affected by LRA atrocities (See Note 7).

Working to ensure our world's most isolated and vulnerable communities are free from violence and exploitation, the Organization's current programs focus on 1) protection through connecting people to each other and the outside world, the prevention of violence, and community resilience, and 2) effective policies through mobilizing groups of people to support and advance international efforts to make children and families safer and through ensuring that affected populations are able to advocate for the needs of their community.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from these estimates.

**INVISIBLE CHILDREN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Presentation - Financial statement presentations follow the recommendations of the Financial Accounting Standards Board in Statement of Financial Accounting Standards "Financial Statements for Not-for-Profit Organizations" (FASB ASC Topic 958). 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.

Unrestricted Net Assets - These consist of assets which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services.

Temporarily Restricted Net Assets - These consist of assets which are restricted by donors for specific operating purposes and are not currently available for use in the Organization's operations until commitments regarding their use have been fulfilled or a separate passage of time has elapsed. At June 30, 2016 and 2015, there were \$2,901 and \$1,537 of temporarily restricted net assets, respectively.

Permanently Restricted Net Assets - Permanently restricted amounts are those which are restricted by donors that neither expire by the passage of time nor can be fulfilled or removed by the actions of the Organization. At June 30, 2016 and 2015, there were no permanently restricted net assets.

Cash - The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Organization maintains its cash accounts at national commercial banks, which at times exceed the federally insured deposit limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on cash.

Receivables - Receivables consist of contributions receivable and pledges receivable. Contributions receivable consist of amounts initiated by donors that have not been realized as cash by the Organization. Contributions receivable were \$25,043 and \$60,219 as of June 30, 2016 and 2015, respectively. Pledges receivable consist of unconditional promises to give, which are recorded at the net realizable value at the time the promises are received. Pledges receivable were \$0 as of June 30, 2016 and 2015. Management assesses the collectability of all contributions and pledges receivable at the close of each period and records an allowance for doubtful accounts based on specific identifications. Management has determined all contributions receivable and pledges receivable to be collectible at June 30, 2016 and 2015.

**INVISIBLE CHILDREN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Prepaid Expenses - Prepaid expenses are stated at cost less applicable amortization and include expenditures which will benefit future periods. Such expenditures are recorded as prepaid expenses and are amortized as expenses over actual periods benefited.

Property and Equipment - Property and equipment are carried at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives from three to five years. Maintenance and repair costs are charged to expenses as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

Support and Revenue Recognition - Support and revenue is recognized when earned, which may be when cash is received, unconditional promises made, in-kind donations received or when products are sold. Cash received for specific events that have not occurred is deferred until the event occurs.

Donor Imposed Restrictions - All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period in which the contribution is received are classified as temporarily restricted and are then shown as released from restriction in the same year.

Fair Value Measurement - The Organization follows accounting standards consistent with the FASB codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial transactions.

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical financial statement elements. The fair value hierarchy gives the highest priority to Level 1 inputs.

**INVISIBLE CHILDREN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar financial statement elements; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Donated Goods and Services - The Organization recognized the value of donated goods and services by recording the goods and services at fair value. To qualify for recognition, donated goods and services must create a nonfinancial assets or must require specialized skills that would have been purchased if not donated.

The fair market value of contributed goods and services is reported as support and expense in the period in which the goods are received or services are performed. The organization had received \$37,887 and \$269,923 of donated legal services during the year ended June 30, 2016 and 2015, respectively. During the years ended June 30, 2016 and 2015, the Organization had many individuals volunteer substantial time and effort in order to perform a variety of tasks in the United States to assist the Organization in its mission. However, no amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition as contributed services.

Production and Film Costs - Costs related to the production of media to raise awareness are being expensed as incurred.

Advertising - The Organization expenses advertising costs as incurred. Advertising expenses for the years ended June 30, 2016 and 2015 were \$8,312 and \$59,807, respectively.

Functional Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Expenditures which can be identified as a program or support service are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among programs and supporting services on the basis of estimates by management.

Income Taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization, however, may be subject to tax on income which is not related to its exempt purpose. For the years ended June 30, 2016 and 2015, no such unrelated business taxable income was reported and, therefore, no provision for income taxes has been made. The Organization is not a private foundation.

**INVISIBLE CHILDREN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Organization follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the Organization's financial statements and 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. It also provides guidance on derecognition and measurement of a tax position taken or to be taken in a tax return. As of June 30, 2016, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California.

**NOTE 3 PROPERTY AND EQUIPMENT**

Major categories of property and equipment are summarized as follows:

	2016	2015
Computer Equipment	\$ 290,783	\$ 293,970
Video and Camera Equipment	14,510	17,676
Transportation Equipment	-	14,361
	305,293	326,007
Accumulated Depreciation	(300,742)	(290,443)
	\$ 4,551	\$ 35,564

**NOTE 4 NET ASSETS**

Net assets consist of the following at June 30:

	2016	2015
Unrestricted:		
Undesignated	\$ 564,101	\$ 865,922
Temporarily Restricted:		
Sister Angelique Partnership	2,901	1,537
Total Net Assets	\$ 567,002	\$ 867,459

**INVISIBLE CHILDREN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 5 JOINT COSTS**

The Organization conducts activities that include both fundraising appeals and program components. The costs of conducting these joint activities are included in the total program services and supporting services expenses in the Statements of Functional Expenses. These joint costs were allocated between fundraising and program costs as follows for the years ended June 30, 2016 and 2015.

		June 30, 2016		
		Program	Development	Total Costs
	Communications	\$ 57,590	\$ 1,207	\$ 58,797
	Web	3,125	305	3,430
		\$ 60,715	\$ 1,512	\$ 62,227
		June 30, 2015		
		Program	Development	Total Costs
	Awareness Media	\$ 246,958	\$ 3,662	\$ 250,620
	Web	120,500	1,267	121,767
	Communications	57,877	6,117	63,994
		\$ 425,335	\$ 11,046	\$ 436,381

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

The Organization has a month to month lease agreement for its facilities.

In February 2014, the Organization entered into an agreement to lease office equipment. The operating lease is non-cancelable and expires in February 2017.

Minimum future payments under the non-cancelable lease for the years ended June 30 are as follows:

2017	\$ 2,086
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The total expenses for facilities and equipment rentals for the years ended June 30, 2016 and 2015 was \$31,205 and \$325,860, respectively.



**INVISIBLE CHILDREN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 7 GOING CONCERN**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. In 2014, the Board of Directors identified a weakness in the Organization's ability to obtain funding at a level sufficient to support the scope of its operations at that time, which created an uncertainty about the Organization's ability to continue as a going concern. Therefore, in December 2014, the Organization underwent a significant downsize as a result of financial instability and pending dissolution and has since right-sized its operations.

Under the direction of the Board of Directors, the executive team developed a strategy to reduce organizational expenses by downsizing the majority of its US-based programs, specifically those focused on media production for mass mobilization, and transitioning its education and livelihood programs in Northern Uganda to be fully managed and operated as an independent, national organization. In doing so, it was able to focus all ongoing initiatives on its programs that protect people from violence in central Africa. In January 2015, after the initial execution of the strategy, the Organization transitioned many of its Board of Directors and its entire executive team so the configuration would best support the goals of that strategy.

Since the restructure, the Organization has adjusted its funding model to successfully sustain and continue program operations. In addition to stewarding its committed base of recurring general donors, the Organization focused its attention on and was successful in obtaining multi-year funding contracts and commitments from major donors. As of the report date, the Organization has successfully renewed four of these contracts or commitments for an additional year and, as a result, doubt about the Organization's ability to continue has been alleviated.

**NOTE 8 SUBSEQUENT EVENTS**

In October 2016, the Organization renewed its existing contracts to provide program related services in East and central Africa (See Note 7).

Management has evaluated subsequent events through October 28, 2016, the date the financial statements were available to be issued.