

Moffitt & Company, P.C.

Certified Public Accountants

Paradise Village Office Park III
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March 21, 2018

To The Board of Directors
Northrise University Initiative
7333 E. Doubletree Road
Suite D-220
Scottsdale, Arizona 85258

Enclosed are the financial statements of Northrise University Initiative as of December 31, 2017. We will be pleased to discuss any questions relative to these reports at your convenience.

If you intend to reproduce or publish this report, or any portion thereof, with which our name is to be associated, we request that copies of the reproduction of all such material be submitted to us so that we may consent to the use of our name before distribution. You have also approved our firm preparing your corporation tax returns.

We appreciate the opportunity to be of service to you.

Sincerely,

Moffitt & Company, P.C.

Moffitt & Company, P.C.

**NORTHRISE UNIVERSITY
INITIATIVE
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Northrise University Initiative

We have audited the accompanying financial statements of Northrise University Initiative, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and net assets, cash flows and functional expenses for the year 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.

Auditors' 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 auditors' 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 Northrise University Initiative, Inc. as of December 31, 2017 and the results of its activities and net assets, cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion of the financial statements as a whole. The schedule of revenue and support for the year ended December 31, 2017 was presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moffitt & Company, P.C.

Moffitt & Company, P.C.
Phoenix, Arizona

March 21, 2018

**NORTHRISE UNIVERSITY INITIATIVE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS			
	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
CURRENT ASSETS			
Cash	\$ 293,760	\$ 43,761	\$ 249,999
Donation receivable	15,005	15,005	-
Prepaid expenses	<u>4,672</u>	<u>4,672</u>	<u>-</u>
TOTAL CURRENT ASSETS	313,437	63,438	249,999
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION			
	<u>5,831</u>	<u>5,831</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 319,268</u>	<u>\$ 69,269</u>	<u>\$ 249,999</u>

LIABILITIES AND NET ASSETS			
	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
CURRENT LIABILITIES			
Accounts payable	\$ 4,984	\$ 4,984	\$ -
Accrued expense	970	970	-
Deferred revenue	<u>60</u>	<u>60</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	6,014	6,014	-
NET ASSETS	<u>313,254</u>	<u>63,255</u>	<u>249,999</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 319,268</u>	<u>\$ 69,269</u>	<u>\$ 249,999</u>

See Accompanying Notes and Independent Auditors' Report.

**NORTHRISE UNIVERSITY INITIATIVE
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
REVENUE AND SUPPORT	\$ <u>1,885,327</u>	\$ <u>1,056,228</u>	\$ <u>829,099</u>
FUNCTIONAL EXPENSES			
Program services	1,673,134	975,757	697,377
Support services			
General and administrative	97,843	97,843	-
Fundraising	<u>32,246</u>	<u>32,246</u>	<u>-</u>
TOTAL FUNCTIONAL EXPENSES	<u>1,803,223</u>	<u>1,105,846</u>	<u>697,377</u>
INCREASE (DECREASE) IN NET ASSETS	82,104	(49,618)	131,722
NET ASSETS, JANUARY 1, 2017	<u>231,150</u>	<u>112,873</u>	<u>118,277</u>
NET ASSETS, DECEMBER 31, 2017	\$ <u>313,254</u>	\$ <u>63,255</u>	\$ <u>249,999</u>

See Accompanying Notes and Independent Auditors' Report.

**NORTHRISE UNIVERSITY INITIATIVE
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase (decrease) in net assets	\$ 82,104	\$ (49,618)	\$ 131,722
Adjustments to reconcile			
Increase (decrease) in net assets to net cash provided (used) by operating activities:			
Depreciation	3,732	3,732	-
Changes in operating assets and liabilities:			
Donation receivable	(15,005)	(15,005)	-
Prepaid expenses	(2,621)	(2,621)	-
Accounts payable	6,466	6,466	-
Accrued expenses	148	148	-
Deferred revenue	(9,720)	(9,720)	-
	<u>65,104</u>	<u>(66,618)</u>	<u>131,722</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
	<u>65,104</u>	<u>(66,618)</u>	<u>131,722</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH			
	65,104	(66,618)	131,722
CASH, JANUARY 1, 2017	<u>228,656</u>	<u>110,379</u>	<u>118,277</u>
CASH, DECEMBER 31, 2017	<u>\$ 293,760</u>	<u>\$ 43,761</u>	<u>\$ 249,999</u>

See Accompanying Notes and Independent Auditors' Report.

**NORTHRISE UNIVERSITY INITIATIVE
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Taxes	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

See Accompanying Notes and Independent Auditors' Report.

**NORTHRISE UNIVERSITY INITIATIVE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Accounting and professional fees	\$ -	\$ 19,555	\$ -	\$ 19,555
Auto expense	-	187	-	187
Bank charges and fees	18,342	2,038	-	20,380
Board of director expenses	4,560	1,140	-	5,701
Computers	11,095	2,774	-	13,869
Consulting	34,178	-	-	34,178
Contract labor	19,212	4,803	-	24,015
Database expenses	13,610	1,512	-	15,122
Depreciation and amortization	-	3,731	-	3,731
Dues and subscriptions	-	294	-	294
Insurance	-	6,856	-	6,856
Internet	718	-	-	718
Marketing	37,447	-	-	37,447
Meals and entertainment	-	470	-	470
Mission trips	227,651	-	-	227,651
Northrise University grants	231,063	-	-	231,063
Office supplies	2,159	8,638	-	10,797
Payroll taxes	25,325	2,814	-	28,139
Postage and shipping	9,397	-	-	9,397
Printing and copying	1,715	-	-	1,715
Salary and wages	326,962	36,329	-	363,291
School books and supplies	249	28	-	277
Special events	42,447	-	18,192	60,639
Storage	-	1,685	-	1,685
Student graduation	2,210	-	-	2,210
Student scholarships	464,287	-	-	464,287
Telephone	-	1,476	-	1,476
Travel	52,704	3,513	14,054	70,270
Vision Trips	146,601	-	-	146,601
Web site development	1,202	-	-	1,202
	<u>\$ 1,673,134</u>	<u>\$ 97,843</u>	<u>\$ 32,246</u>	<u>\$ 1,803,223</u>

See Accompanying Notes and Independent Auditors' Report.

**NORTHRISE UNIVERSITY INITIATIVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Northrise University Initiative is a California non-profit corporation founded in 1999 to support the vision and mission of Northrise University in Zambia, Africa. The mission of Northrise University is to equip men and women to work in ministry and business to contribute to the spiritual and economic transformation of Zambia.

Basis of Presentation of Financial Statements

The financial statement presentation follows the recommendations of ASC 958, "Financial Statements of Not-for-Profit Companies," Under ASC 958, the Organization is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets at December 31, 2017.

Contributions

The Organization accounts for contributions in accordance with the recommendations of ASC 958, "Accounting for Contributions Received and Contributions Made." In accordance with ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in unrestricted, temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted and permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. For the year ended December 31, 2017, there were no permanently restricted contributions received.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

See Accompanying Notes and Independent Auditors' Report.

**NORTHRISE UNIVERSITY INITIATIVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Major renewals and improvements greater than \$1,000 are charged to the asset accounts while replacements, maintenance and repairs, which do not improve or extend the lives of respective assets, are expensed. At the time property and equipment are retired or otherwise disposed of, the assets and related depreciation accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to income.

The Organization depreciates its property and equipment by the straight-line method over the following useful lives:

Computer and office equipment	5 Years
Website	3 Years

Disclosure about Fair Value of Financial Instruments

The Organization estimates that the fair value of all financial instruments as of December 31, 2017, as defined in ASC 825, "Disclosures About Fair Value of Financial Instruments," does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

See Accompanying Notes and Independent Auditors' Report.

**NORTHRISE UNIVERSITY INITIATIVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets

ASC 360, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset in question may not be recoverable. This standard did not have a material effect on the Organization's results of operations, cash flows or financial position.

Concentration of Credit Risk - Cash

The Organization maintains operating cash balances with two financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Organization has no uninsured balances as of December 31, 2017.

Revenue Recognition

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. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized. All donor restricted net assets are reported as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restriction.

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 statement of activities as net assets released from restrictions. During the year ended December 31, 2017, there were no contributions received classified as permanently restricted.

See Accompanying Notes and Independent Auditors' Report.

**NORTHRISE UNIVERSITY INITIATIVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment, accumulated depreciation and amortization consist of the following:

Computer and office equipment	\$ 6,593
Website	<u>8,000</u>
Subtotal	14,593
Less accumulated depreciation and amortization	<u>8,762</u>
Total property and equipment	<u>\$ 5,831</u>

Depreciation and amortization expense for the year ended December 31, 2017 was \$3,732. As of December 31, 2017, the Organization did not have any fully depreciated assets that are still being used in its operations.

NOTE 3 INCOME TAXES

The Organization qualifies as a tax-exempt organization under Section 501 (C) (3) of the Internal Revenue Code. The Organization is subject to Federal and California income tax on unrelated business income as stipulated in Internal Revenue Code Section 511 and Regulation 1.511. During the year ended December 31, 2017, the Organization had no activities unrelated to its exempt purpose. Therefore, no provision for federal or state income taxes is included in these financial statements.

The Organization's income tax filings are subject to audit by various taxing authorities for the years ended December 31, 2014, 2015, 2016, and 2017.

NOTE 4 MARKETING

The Organization expenses marketing costs as incurred. Marketing costs for the year ended December 31, 2017 were \$37,447.

NOTE 5 OFFICE LEASE

The organization also has two office locations that are donated. The Scottsdale, Arizona office is approximately 100 sq. feet with a desk and cabinets. The Costa Mesa, California location is approximately 400 sq. feet with three cubicle offices with desks and office furniture.

See Accompanying Notes and Independent Auditors' Report.

**NORTHRISE UNIVERSITY INITIATIVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 DONATED ASSETS AND CONTRIBUTED SERVICES

Some board members and officers contribute management, clerical, general services, donated assets and other non-monetary items to all programs. Volunteers contribute significant amounts of their time to activities of the Organization. These contributions are not recognized as revenue.

ASC 958, "Accounting for Contributions Received and Contributions Made," requires that these contributions be recorded in the accompanying financial statements at their estimated fair market value at the date of the receipt. These contributions are not recognized as revenue, since the readily determinable fair market value is unknown. As such, the value of the contributed services are not recorded in the financial statements.

NOTE 7 FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis. Certain costs have been allocated among the program services and supporting activities.

NOTE 8 TEMPORARILY RESTRICTED DESIGNATED CASH

Temporarily restricted cash designated for the following purposes at December 31, 2017:

Capital project	\$ 70,751
Bike ride projects	1,237
Farm and land	35,554
NU Student scholarship program	87,294
NuCare	8,580
School of architecture	1,000
Dordt scholarship program	<u>45,583</u>
TOTAL TEMPORARILY RESTRICTED DESIGNATED CASH	<u>\$ 249,999</u>

See Accompanying Notes and Independent Auditors' Report.

**NORTHRISE UNIVERSITY INITIATIVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 21, 2018, the date which the financial statements were available for issuance. There were no subsequent events related to these financial statements.

See Accompanying Notes and Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

**NORTHRISE UNIVERSITY INITIATIVE
SCHEDULE OF REVENUE AND SUPPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
EVENTS			
Major fundraising	\$ 293,241	\$ 293,241	\$ -
Golf tournament	45,629	-	45,629
Impact Ndola	227,650	227,650	-
Vision trips	<u>135,777</u>	<u>135,777</u>	<u>-</u>
TOTAL EVENTS	<u>702,297</u>	<u>656,668</u>	<u>45,629</u>
DONATIONS			
General donations	187,782	187,782	-
Board of Trustees	<u>211,778</u>	<u>211,778</u>	<u>-</u>
TOTAL DONATIONS	<u>399,560</u>	<u>399,560</u>	<u>-</u>
CAPITAL CONTRIBUTIONS			
Campus campaign – Phase 1	81,565	-	81,565
Nursing school grant	50,000	-	50,000
Farm and land development	45,700	-	45,700
NuCare	10,208	-	10,208
Other	<u>4,100</u>	<u>-</u>	<u>4,100</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>191,573</u>	<u>-</u>	<u>191,573</u>
STUDENT SCHOLARSHIP PROGRAM	<u>591,897</u>	<u>-</u>	<u>591,897</u>
TOTAL REVENUE	<u>\$ 1,885,327</u>	<u>\$ 1,056,228</u>	<u>\$ 829,099</u>

See Accompanying Notes and Independent Auditors' Report.