

Compatible Technology International

St. Paul, Minnesota

Combined Financial Statements

Auditor's Report

For the Years Ended

June 30, 2016 and 2015



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter Evert & Associates

Certified Public Accountants

7760 France Avenue S. Suite 940 Bloomington Minnesota 55435

952.831.0085 carpenterevert.com

Independent Auditor's Report

Board of Directors
Compatible Technology International
St. Paul, Minnesota

We have audited the accompanying financial statements of Compatible Technology International which comprise the combined statements of financial position as of June 30, 2016 and 2015, and the related combined statements of activities and changes in net assets, functional expense, 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 Compatible Technology International as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

Minneapolis, Minnesota
December 19, 2016

EXHIBIT A

COMPATIBLE TECHNOLOGY INTERNATIONAL
 COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDING JUNE 30, 2016 AND 2015

	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:								
Contributions	\$ 365,085	\$ 168,035	\$ -	\$ 533,120	\$ 382,341	\$ 76,588	\$ -	\$ 458,929
Government Grants	27,491	-	-	27,491	147,239	-	-	147,239
In-kind Contributions	400,646	-	-	400,646	455,127	-	-	455,127
Special Events (Net of Direct Expenses of \$14,224 in 2016 and \$24,953 in 2015)	154,723	-	-	154,723	103,207	-	-	103,207
Product Sales	34,054	-	-	34,054	55,353	-	-	55,353
Investment and Other Income	6,444	-	-	6,444	7,554	-	-	7,554
Satisfaction of Program Restrictions	81,463	(81,463)	-	-	118,440	(118,440)	-	-
Total Support and Revenue	1,069,906	86,572	-	1,156,478	1,269,261	(41,852)	-	1,227,409
Expense:								
Program Services	822,537	-	-	822,537	1,016,526	-	-	1,016,526
Support Services:								
Management and General Fundraising	155,254	-	-	155,254	139,918	-	-	139,918
Total Support Services	161,335	-	-	161,335	115,517	-	-	115,517
Total Expense	316,589	-	-	316,589	255,435	-	-	255,435
	1,139,126	-	-	1,139,126	1,271,961	-	-	1,271,961
Change in Net Assets From Operations	(69,220)	86,572	-	17,352	(2,700)	(41,852)	-	(44,552)
Other Changes in Net Assets:								
Unrealized (Loss)/Gain in Beneficial Interest in Assets Held by Presbyterian Church (USA) Foundation	-	-	(10,552)	(10,552)	-	-	(6,455)	(6,455)
Change in Net Assets	(69,220)	86,572	(10,552)	6,800	(2,700)	(41,852)	(6,455)	(51,007)
Net Assets - Beginning of Year	84,513	33,388	116,357	234,258	87,213	75,240	122,812	285,265
Net Assets - End of Year	\$ 15,293	\$ 119,960	\$ 105,805	\$ 241,058	\$ 84,513	\$ 33,388	\$ 116,357	\$ 234,258

The accompanying Notes to Financial Statements are an integral part of these statements.

COMPATIBLE TECHNOLOGY INTERNATIONAL
COMBINED STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	2016				2015	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salary Expense	\$ 166,644	\$ 49,707	\$ 95,675	\$ 145,382	\$ 312,026	\$ 324,986
Payroll Taxes and Benefits	13,565	6,150	11,292	17,442	31,007	31,207
Total Personnel Costs	<u>180,209</u>	<u>55,857</u>	<u>106,967</u>	<u>162,824</u>	<u>343,033</u>	<u>356,193</u>
In-kind Services	385,646	-	15,000	15,000	400,646	455,127
Professional Fees	97,823	55,702	13,000	68,702	166,525	139,537
Rent	43,881	4,863	-	4,863	48,744	52,148
Production Expenses	26,214	-	-	-	26,214	49,270
Meetings and Conferences	16,366	1,521	5,264	6,785	23,151	44,487
Project Expense	9,842	-	-	-	9,842	38,581
Travel	32,909	707	344	1,051	33,960	32,108
Printing	202	3,062	8,435	11,497	11,699	15,419
Other Expense	10,297	579	7,502	8,081	18,378	15,345
Utilities	5,127	3,290	-	3,290	8,417	12,899
Supplies	4,625	3,097	3,256	6,353	10,978	12,799
Insurance	1,500	10,170	-	10,170	11,670	11,669
Interest and Bank Fees	1,428	10,962	-	10,962	12,390	11,478
Postage and Shipping	1,431	1,269	1,557	2,826	4,257	7,744
Advertising and Promotion	675	1,965	10	1,975	2,650	4,412
Volunteer Expense	-	-	-	-	-	302
Depreciation	4,362	2,210	-	2,210	6,572	12,443
Total Expense	<u>\$ 822,537</u>	<u>\$ 155,254</u>	<u>\$ 161,335</u>	<u>\$ 316,589</u>	<u>\$ 1,139,126</u>	<u>\$ 1,271,961</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

COMPATIBLE TECHNOLOGY INTERNATIONAL
COMBINED STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2015

	Total Program Services	Support Services			Total All Services
		Management & General	Fund- raising	Total Support Services	
Salary Expense	\$ 235,115	\$ 25,160	\$ 64,711	\$ 89,871	\$ 324,986
Payroll Taxes and Benefits	21,424	2,700	7,083	9,783	31,207
Total Personnel Costs	256,539	27,860	71,794	99,654	356,193
In-kind Services	447,627	-	7,500	7,500	455,127
Professional Fees	75,488	47,476	16,573	64,049	139,537
Rent	47,285	4,863	-	4,863	52,148
Production Expenses	49,270	-	-	-	49,270
Meetings and Conferences	40,560	1,788	2,139	3,927	44,487
Project Expense	38,581	-	-	-	38,581
Travel	26,740	874	4,494	5,368	32,108
Printing	-	3,259	12,160	15,419	15,419
Other Expense	-	15,343	2	15,345	15,345
Utilities	8,057	4,842	-	4,842	12,899
Supplies	10,538	2,239	22	2,261	12,799
Insurance	-	11,669	-	11,669	11,669
Interest and Bank Fees	4,145	7,333	-	7,333	11,478
Postage and Shipping	5,715	1,196	833	2,029	7,744
Advertising and Promotion	3,803	609	-	609	4,412
Volunteer Expense	302	-	-	-	302
Depreciation	1,876	10,567	-	10,567	12,443
Total Expense	\$ 1,016,526	\$ 139,918	\$ 115,517	\$ 255,435	\$ 1,271,961

The accompanying Notes to Financial Statements
are an integral part of this statement.

COMPATIBLE TECHNOLOGY INTERNATIONAL
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and Cash Equivalents	\$ 158,618	\$ 113,212
Accounts Receivable	-	4,557
Pledges Receivable	52,950	16,700
Inventory	33,532	12,022
Prepaid Expenses	35,249	3,264
Total Current Assets	<u>280,349</u>	<u>149,755</u>
 Beneficial Interest in Assets Held by the Presbyterian Church (USA) Foundation Property and Equipment - Net	 105,804 <u>12,990</u>	 116,357 <u>19,678</u>
 TOTAL ASSETS	 <u>\$ 399,143</u>	 <u>\$ 285,790</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 78,058	\$ 27,836
Accrued Salaries, Wages and Benefits	13,291	16,381
Notes Payable	39,793	3,317
Funds Held for Others	-	-
Refundable Advances	33,275	3,998
Deferred Revenue	-	-
Total Current Liabilities	<u>164,417</u>	<u>51,532</u>
 Notes Payable	 -	 -
Total Liabilities	 <u>164,417</u>	 <u>51,532</u>
Net Assets:		
Unrestricted		
Undesignated	15,293	84,513
Cummulative Translation Adjustment	(6,332)	-
Temporarily Restricted	119,960	33,388
Permanently Restricted	105,805	116,357
Total Net Assets	<u>234,726</u>	<u>234,258</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 399,143</u>	 <u>\$ 285,790</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

COMPATIBLE TECHNOLOGY INTERNATIONAL
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 6,800	\$ (51,007)
Total Adjustments	<u>2,129</u>	<u>(8,342)</u>
Net Cash Provided (Used) by Operating Activities	8,929	(59,349)
Cash Flows from Investing Activities:		
Furniture and Equipment Purchases	-	(16,910)
Cash Flows from Financing Activities:		
Proceeds from Notes Payable	40,000	-
Notes Payable Payments	<u>(3,524)</u>	<u>(20,510)</u>
Net Cash Provided (Used) by Financing Activities	<u>36,476</u>	<u>(20,510)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	45,405	(96,769)
Cash and Cash Equivalents - Beginning of Year	<u>113,212</u>	<u>209,981</u>
Cash and Cash Equivalents - End of Year	<u>\$ 158,618</u>	<u>\$ 113,212</u>
 <u>Supplemental Disclosures of Cash Flow Information</u>		
Cash Paid for:		
Interest	<u>\$ 1,946</u>	<u>\$ 2,265</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

COMPATIBLE TECHNOLOGY INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

1. Summary of Significant Accounting Policies

Basis of Combination

The combined financial statements of Compatible Technology International include the accounts of Compatible Technology International (a Minnesota nonprofit corporation), Compatible Technology International, Inc. (a Minnesota corporation) and SARL Compatible Technology International (A Senegal limited liability company). All material inter-organizational transactions have been eliminated.

Organizational Purpose

Compatible Technology International (CTI) works to improve the lives of people in developing countries by designing food and water technologies that are sustainable and appropriate to local cultures, and by collaborating with in-country organizations to identify needs and to achieve widespread use of our technologies to relieve hunger and poverty.

CTI's programs are as follows:

Technology Development – CTI develops new ways of processing food and purifying water, reducing hunger and poverty with simple devices for small farmers in developing countries, primarily in Sub-Saharan Africa and Central America with some active projects in Asia. CTI's research and design is largely focused on post-harvest solutions for grains, legumes and roots and tubers for small farmers.

Technology Implementation – In addition to designing new technologies such as millet threshing units and peanut shellers, CTI promotes economic opportunity through technical and business training, market linkages and community development.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to CTI, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restriction. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as part of unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of CTI resulting from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be satisfied by actions of CTI.

Permanently Restricted Net Assets – Net assets resulting from contributions with donor-imposed stipulations that neither expire with time nor may be fulfilled by actions of CTI

COMPATIBLE TECHNOLOGY INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

Accounts Receivable and Doubtful Accounts

CTI extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and CTI does not charge interest on accounts receivable balances. CTI reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. Accounts are stated net of the allowance for doubtful accounts of \$0 and \$3,523 at June 30, 2016 and 2015, respectively.

Inventory

Inventory consists of products sold by CTI and is valued at the lower of cost (weighted average cost) or net realizable value.

Furniture and Equipment

All expenditures over \$3,000 for furniture and equipment are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method.

Contributions

Contributions are recorded as support when received or pledged. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Promises-To-Give (Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

COMPATIBLE TECHNOLOGY INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

1. Summary of Significant Accounting Policies (continued)

Government Grants and Contracts

Government grants are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, CTI will record such disallowance at the time the final assessment is made.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations of expenses between categories must be made. When allocations are required, they are based on the best estimates of management.

Income Tax

CTI has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. CTI's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. CTI continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, CTI annually files a Return of Organization Exempt From Income Tax (Form 990). The returns for the years ending June 30, 2013 and later remain subject to examination by the Internal Revenue Service.

Subsequent Events

CTI has evaluated the effect that subsequent events would have on the financial statements through December 19, 2016, which is the date financial statements were available to be issued.

COMPATIBLE TECHNOLOGY INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

2. Significant Concentrations of Credit Risk

CTI provides services from the Twin Cities to locations throughout the world. Accounts receivable are due from domestic and international individuals and institutions.

3. Furniture and Equipment

CTI owned the following as of:

	<u>June 30,</u>		<u>Estimated Useful Lives</u>
	<u>2016</u>	<u>2015</u>	
Furniture and Equipment	\$ 53,637	\$ 53,637	5-7 Years
Vehicle	<u>13,436</u>	<u>13,436</u>	3 Years
Total Property	67,073	67,073	
Less Accumulated Depreciation	<u>54,083</u>	<u>47,395</u>	
	<u>\$ 12,990</u>	<u>\$ 19,678</u>	

Depreciation expense of \$6,572 and \$12,443 was recorded for the years ended June 30, 2016 and 2015, respectively.

4. Pledges Receivable

Pledges receivable are expected to be collected as follows:

<u>Due in the Year Ending June 30,</u>	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
2016	\$ -	\$ 16,700
2017	52,950	-

Pledges receivable are recorded net of an allowance for doubtful accounts of \$1,400 at June 30, 2016.

5. Fair Value

CTI adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

COMPATIBLE TECHNOLOGY INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

5. Fair Value (continued)

The following is a summary of the inputs used to determine the fair value at June 30, 2016 and 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2016:				
Beneficial Interest in Assets Held by the Presbyterian Foundation	<u>\$ 105,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,804</u>
June 30, 2015:				
Beneficial Interest in Assets Held by the Presbyterian Foundation	<u>\$ 116,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,357</u>

6. Beneficial Interest in Assets Held by the Presbyterian Church (USA) Foundation

CTI has an irrevocable beneficial interest to the annual income from assets donated to the Presbyterian Church (USA) Foundation. The assets are held in a fund under the control of the Presbyterian Church (USA) Foundation and are invested in a balanced growth mutual fund. CTI will continue to receive the annual income earned by these assets so long as it continues its work in India and maintains an exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The original value of the donated assets was \$145,694. The fair value of the fund was \$105,804 and \$116,357 at June 30, 2016 and 2015, respectively.

7. Temporarily Restricted Net Assets

The purpose of temporarily restricted net assets is to account for funds received but not yet spent for the purpose intended by the donor. Temporarily restricted net assets included the following as of:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
McKnight/ICRISIT	\$ 52,430	\$ -
Grinder Technology	31,143	33,388
Capacity Building – Fund Development	29,733	-
Other	6,654	-
	<u>\$ 119,960</u>	<u>\$ 33,388</u>

COMPATIBLE TECHNOLOGY INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

8. In-kind Contributions

CTI records in-kind contributions at fair market value at date of donation. In-kind contributions included the following as of:

	June 30,	
	2016	2015
Technology, Research and Development Services – at \$35-\$75 per hour for 5,599 hours in 2016 and 6,535 hours in 2015.	\$ 385,646	\$ 443,987
Fund Raising	15,000	7,500
Grinder Manufacturing	-	3,355
Administration	-	285
	\$ 400,646	\$ 455,127

9. Leased Facilities

Rental commitments under a noncancelable lease of office space which became effective after June 30, 2016, total \$99,359. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2017	\$ 45,563
2018	46,099
2019	7,697
	\$ 99,359

Rental expense was \$48,744 and \$52,148 for the years ended June 30, 2016 and 2015, respectively.

10. Notes Payable

The breakdown of notes payable was as follows as of:

	June 30,	
	2016	2015
7.5% installment loan dated August 28, 2013 from Nonprofit Assistance Fund. Payable in monthly installments of \$1,670 through September 2, 2015. Secured by all business assets.	\$ -	\$ 3,317
6.5% line-of-credit loan dated September 28, 2015 from Nonprofit Assistance Fund. Interest is paid monthly with the unpaid principal due September 30, 2016. Secured by all business assets.	39,793	-
	39,793	3,317
Portion Due Within One (1) Year	39,793	3,317
Long-term Portion	\$ -	\$ -

COMPATIBLE TECHNOLOGY INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

11. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities are as follows as of:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Depreciation	\$ 6,572	\$ 12,442
Unrealized Loss/(Gain) in Beneficial Interest in Assets Held by Presbyterian Church (USA) Foundation	10,553	6,455
Contributed Securities	(6,217)	-
Increases (Decreases) in Current Liabilities:		
Accounts Payable	50,222	(18,519)
Accrued Salaries, Wages and Benefits	(3,090)	2,590
Deferred Revenue	-	(9,447)
Funds Held for Others	-	(3,788)
Refundable Advances	29,277	(7,444)
Decreases (Increases) in Current Assets:		
Accounts Receivable	4,557	20,886
Pledges Receivable	(36,250)	(16,700)
Inventory	(21,510)	5,086
Prepaid Expenses	(31,985)	97
Total Adjustments	<u>\$ 2,129</u>	<u>\$ (8,342)</u>

ADDITIONAL INFORMATION



Carpenter Evert & Associates

Certified Public Accountants
7760 France Avenue S. Suite 940 Bloomington Minnesota 55435
952.831.0085 carpenterevert.com

Statement of Auditor's Responsibility

Board of Directors
Compatible Technology International
St. Paul, Minnesota

We have audited the combined financial statements of Compatible Technology International as of and for the years ended June 30, 2016 and 2015, and our report thereon dated December 19, 2016, which expressed an unmodified opinion on those combined financial statements, appears on page 1.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining schedule of financial position and the combining schedule of revenue, expense and changes in net assets of Compatible Technology International for the year ended June 30, 2016, are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

A handwritten signature in black ink that reads "Carpenter Evert & Associates, P.C." with a horizontal line at the end.

Certified Public Accountants

Minneapolis, Minnesota
December 19, 2016

COMPATIBLE TECHNOLOGY INTERNATIONAL
COMBINING SCHEDULE OF SUPPORT AND REVENUE, EXPENSE AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016

	Compatible Technology International						
	Compatible Technology International	CTI, Inc.	SARL (Senegal)	Elimination Entries	Consolidated	Elimination Entries	Total
Support and Revenue:							
Contributions	\$ 533,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 533,120
Government Grants	27,491	-	-	-	-	-	27,491
In-kind Contributions	400,646	-	-	-	-	-	400,646
Special Events (Net of Direct Expenses of \$14,224 in 2016 and \$24,953 in 2015)	154,723	-	-	-	-	-	154,723
Contract Revenue	-	-	27,491	-	27,491	(27,491)	-
Product Sales	34,054	-	-	-	-	-	34,054
Investment and Other Income	(4,108)	-	-	-	-	-	(4,108)
Total Support and Revenue	1,145,926	-	27,491	-	27,491	(27,491)	1,145,926
Expense:							
Salary Expense	266,103	-	45,922	-	45,922	-	312,025
Payroll Taxes and Benefits	31,007	-	-	-	-	-	31,007
Total Personnel Costs	297,110	-	45,922	-	45,922	-	343,032
In-kind Services	400,646	-	-	-	-	-	400,646
Professional Fees	190,228	-	3,788	-	3,788	(27,491)	166,525
Rent	43,647	-	5,097	-	5,097	-	48,744
Production Expenses	26,214	-	-	-	-	-	26,214
Meetings and Conferences	14,010	-	9,141	-	9,141	-	23,151
Project Expense	7,609	-	2,232	-	2,232	-	9,841
Travel	31,455	-	2,505	-	2,505	-	33,960
Printing	11,699	-	-	-	-	-	11,699
Other Expense	8,080	-	10,301	-	10,301	-	18,381
Utilities	7,050	-	1,367	-	1,367	-	8,417
Supplies	9,771	-	1,206	-	1,206	-	10,977
Insurance	10,170	1,500	-	-	1,500	-	11,670
Interest and Bank Fees	11,133	-	1,257	-	1,257	-	12,390
Postage and Shipping	3,854	-	403	-	403	-	4,257
Advertising and Promotion	2,507	-	143	-	143	-	2,650
Volunteer Expense	-	-	-	-	-	-	-
Depreciation	2,210	-	4,362	-	4,362	-	6,572
Total Expense	1,077,393	1,500	87,724	-	89,224	(27,491)	1,139,126
Change in Net Assets	68,533	(1,500)	(60,233)	-	(61,733)	-	6,800
Net Assets - Beginning of Year	288,956	-	(54,698)	-	(54,698)	-	234,258
Net Assets - End of Year	\$ 357,489	\$ (1,500)	\$ (114,931)	-	\$ (116,431)	-	\$ 241,058

See Statement of Auditor's Responsibility.

COMPATIBLE TECHNOLOGY INTERNATIONAL
COMBINING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2016

Compatible Technology International
CTI, Inc.

	Compatible Technology International		Elimination		Consolidated		Elimination		Total
	Compatible Technology International	CTI, Inc.	SARL (Senegal)	Entries	Consolidated	Entries	Entries		
\$	131,646	-	\$ 26,972	\$ -	\$ 26,972	\$ -	\$ -	\$ 158,618	
	217,830	100	-	-	100	(164,980)	-	52,950	
	33,532	-	-	-	-	-	-	33,532	
	20,440	3,000	11,809	-	14,809	-	-	35,249	
	403,448	3,100	38,781	-	41,881	(164,980)	-	280,349	
Noncurrent Assets:									
Beneficial Interest in Assets Held by the									
	105,804	-	-	-	-	-	-	105,804	
	100	-	-	-	-	(100)	-	-	
	1,897	1,897	-	(1,897)	-	-	-	-	
	5,898	-	7,092	-	7,092	-	-	12,990	
	\$ 515,250	\$ 4,997	\$ 45,873	\$ (1,897)	\$ 48,973	\$ (165,080)	\$ -	\$ 399,143	

ASSETS

Current Assets:
Cash and Cash Equivalents
Accounts Receivable
Inventory
Prepaid Expense
Total Current Assets
Noncurrent Assets:
Beneficial Interest in Assets Held by the
Presbyterian Church (USA) Foundation
Investment in CTI, Inc.
Investment in SARL Senegal
Property and Equipment - Net
TOTAL ASSETS

LIABILITIES AND NET ASSETS

\$	71,401	\$ 6,397	\$ 165,240	\$ -	\$ 171,637	(164,980)	\$	78,058	
	13,291	-	-	-	-	-	-	13,291	
	39,793	-	-	-	-	-	-	39,793	
	33,275	-	-	-	-	-	-	33,275	
	157,760	6,397	165,240	-	171,637	(164,980)	-	164,417	
Net Assets:									
Unrestricted:									
	131,725	(1,500)	(114,932)	-	(116,432)	-	-	15,293	
	-	-	(6,332)	-	(6,332)	-	-	(6,332)	
	-	100	1,897	(1,897)	100	(100)	-	-	
	119,960	-	-	-	-	-	-	119,960	
	105,805	-	-	-	-	-	-	105,805	
	357,490	(1,400)	(119,367)	(1,897)	(122,664)	(100)	-	234,726	
	\$ 515,250	\$ 4,997	\$ 45,873	\$ (1,897)	\$ 48,973	\$ (165,080)	\$ -	\$ 399,143	

TOTAL LIABILITIES AND NET ASSETS

See Statement of Auditor's Responsibility.