

# Compatible Technology International

St. Paul, Minnesota

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Combined Financial Statements  
Auditor's Report  
For the Years Ended  
June 30, 2017 and 2016



CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017 and 2016, 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, 2017 and 2016, 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.

*Carpenter Evert and Associates, Ltd.*

Certified Public Accountants

Minneapolis, Minnesota  
December 14, 2017

**COMPATIBLE TECHNOLOGY INTERNATIONAL**  
**COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDING JUNE 30, 2017 AND 2016**

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue:</b>								
Contributions	\$ 383,495	\$ 58,719	\$ -	\$ 442,214	\$ 365,085	\$ 168,035	\$ -	\$ 533,120
Government Grants	136,011	-	-	136,011	27,491	-	-	27,491
In-kind Contributions	453,777	-	-	453,777	400,646	-	-	400,646
Special Events (Net of Direct Expenses of \$33,927 in 2017 and \$14,224 in 2016)	194,697	-	-	194,697	154,723	-	-	154,723
Product Sales	14,729	-	-	14,729	34,054	-	-	34,054
Investment and Other Income	4,214	-	-	4,214	6,444	-	-	6,444
Satisfaction of Program Restrictions	123,669	(123,669)	-	-	81,463	(81,463)	-	-
<b>Total Support and Revenue</b>	<b>1,310,592</b>	<b>(64,950)</b>	<b>-</b>	<b>1,245,642</b>	<b>1,069,906</b>	<b>86,572</b>	<b>-</b>	<b>1,156,478</b>
<b>Expense:</b>								
Program Services	874,684	-	-	874,684	822,537	-	-	822,537
<b>Support Services:</b>								
Management and General	241,632	-	-	241,632	155,254	-	-	155,254
Fundraising	172,773	-	-	172,773	161,335	-	-	161,335
<b>Total Support Services</b>	<b>414,405</b>	<b>-</b>	<b>-</b>	<b>414,405</b>	<b>316,589</b>	<b>-</b>	<b>-</b>	<b>316,589</b>
<b>Total Expense</b>	<b>1,289,089</b>	<b>-</b>	<b>-</b>	<b>1,289,089</b>	<b>1,139,126</b>	<b>-</b>	<b>-</b>	<b>1,139,126</b>
<b>Change in Net Assets From Operations</b>	<b>21,503</b>	<b>(64,950)</b>	<b>-</b>	<b>(43,447)</b>	<b>(69,220)</b>	<b>86,572</b>	<b>-</b>	<b>17,352</b>
<b>Other Changes in Net Assets:</b>								
Unrealized (Loss)/Gain in Beneficial Interest in Assets Held by Presbyterian Church (USA) Foundation	-	-	7,457	7,457	-	-	(10,552)	(10,552)
<b>Change in Net Assets</b>	<b>21,503</b>	<b>(64,950)</b>	<b>7,457</b>	<b>(35,990)</b>	<b>(69,220)</b>	<b>86,572</b>	<b>(10,552)</b>	<b>6,800</b>
<b>Net Assets - Beginning of Year</b>	<b>15,293</b>	<b>119,960</b>	<b>105,805</b>	<b>241,058</b>	<b>84,513</b>	<b>33,388</b>	<b>116,357</b>	<b>234,258</b>
<b>Net Assets - End of Year</b>	<b>\$ 36,796</b>	<b>\$ 55,010</b>	<b>\$ 113,262</b>	<b>\$ 205,068</b>	<b>\$ 15,293</b>	<b>\$ 119,960</b>	<b>\$ 105,805</b>	<b>\$ 241,058</b>

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, 2017 WITH COMPARATIVE TOTALS FOR 2016

	2017			2016		
	Total Program Services	Support Services		Total Support Services	Total All Services	Total All Services
		Management & General	Fund- raising			
Salary Expense	\$ 106,724	\$ 59,047	\$ 107,597	\$ 166,644	\$ 273,368	\$ 312,026
Payroll Taxes and Benefits	14,714	8,086	13,924	22,010	36,724	31,007
Total Personnel Costs	121,438	67,133	121,521	188,654	310,092	343,033
In-kind Services	377,638	58,139	18,000	76,139	453,777	400,646
Professional Fees	87,699	67,250	500	67,750	155,449	166,525
Project Expense	94,681	-	-	-	94,681	9,842
Travel	46,695	1,873	2,518	4,391	51,086	33,960
Rent	40,514	4,863	-	4,863	45,377	48,744
Meetings and Conferences	29,748	2,158	2,540	4,698	34,446	23,151
Supplies	27,397	3,318	640	3,958	31,355	10,978
Advertising and Promotion	9,865	1,118	15,102	16,220	26,085	2,650
Interest and Bank Fees	4,651	11,393	-	11,393	16,044	12,390
Printing	1,810	4,294	9,039	13,333	15,143	11,699
Other Expense	6,694	6,058	725	6,783	13,477	18,378
Production Expenses	11,189	-	-	-	11,189	26,214
Insurance	206	8,311	-	8,311	8,517	11,670
Postage and Shipping	4,796	1,229	2,188	3,417	8,213	4,257
Utilities	5,058	2,746	-	2,746	7,804	8,417
Volunteer Expense	284	-	-	-	284	-
Depreciation	4,321	1,749	-	1,749	6,070	6,572
Total Expense	<u>\$ 874,684</u>	<u>\$ 241,632</u>	<u>\$ 172,773</u>	<u>\$ 414,405</u>	<u>\$ 1,289,089</u>	<u>\$ 1,139,126</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, 2016

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

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

COMPATIBLE TECHNOLOGY INTERNATIONAL  
COMBINED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and Cash Equivalents	\$ 145,722	\$ 158,618
Accounts Receivable	19,508	-
Pledges Receivable	10,300	52,950
Inventory	26,080	33,532
Prepaid Expenses	6,458	35,249
Total Current Assets	<u>208,068</u>	<u>280,349</u>
Beneficial Interest in Assets Held by the Presbyterian Church (USA) Foundation	113,262	105,804
Property and Equipment - Net	<u>6,762</u>	<u>12,990</u>
 TOTAL ASSETS	 <u><u>\$ 328,092</u></u>	 <u><u>\$ 399,143</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 60,284	\$ 78,058
Accrued Salaries, Wages and Benefits	16,346	13,291
Notes Payable	49,793	39,793
Refundable Advances	-	33,275
Total Liabilities	<u>126,423</u>	<u>164,417</u>
Net Assets:		
Unrestricted		
Undesignated	36,796	15,293
Cummulative Translation Adjustment	(3,399)	(6,332)
Temporarily Restricted	55,010	119,960
Permanently Restricted	<u>113,262</u>	<u>105,805</u>
Total Net Assets	<u>201,669</u>	<u>234,726</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 328,092</u></u>	 <u><u>\$ 399,143</u></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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (35,990)	\$ 6,800
Total Adjustments	<u>13,094</u>	<u>2,130</u>
Net Cash Provided (Used) by Operating Activities	(22,896)	8,930
Cash Flows from Investing Activities:		
Furniture and Equipment Purchases	-	-
Cash Flows from Financing Activities:		
Proceeds from Notes Payable	10,000	40,000
Notes Payable Payments	<u>-</u>	<u>(3,524)</u>
Net Cash Provided (Used) by Financing Activities	<u>10,000</u>	<u>36,476</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(12,896)	45,406
Cash and Cash Equivalents - Beginning of Year	<u>158,618</u>	<u>113,212</u>
Cash and Cash Equivalents - End of Year	<u>\$ 145,722</u>	<u>\$ 158,618</u>
 <u>Supplemental Disclosures of Cash Flow Information</u>		
Cash Paid for:		
Interest	<u>\$ 3,026</u>	<u>\$ 1,946</u>

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



COMPATIBLE TECHNOLOGY INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 and 2016

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), SARL Compatible Technology International (A Senegal limited liability company) and Malawi Compatible Technology International. 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, 2017 and 2016

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 for both years.

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, 2017 and 2016

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, 2014 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 14, 2017, which is the date financial statements were available to be issued.

COMPATIBLE TECHNOLOGY INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 and 2016

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>		Estimated Useful Lives
	<u>2017</u>	<u>2016</u>	
Furniture and Equipment	\$ 53,637	\$ 53,637	5-7 Years
Vehicle	<u>13,436</u>	<u>13,436</u>	3 Years
Total	67,073	67,073	
Less Accumulated Depreciation	<u>60,311</u>	<u>54,083</u>	
	<u>\$ 6,762</u>	<u>\$ 12,990</u>	

Depreciation expense of \$6,070 and \$6,572 was recorded for the years ended June 30, 2017 and 2016, 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>2017</u>	<u>2016</u>
2017	\$ -	\$ 52,950
2018	10,300	-

Pledges receivable are recorded net of an allowance for doubtful accounts of \$0 and \$1,400 for the years ended June 30, 2017 and 2016, respectively.

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.

COMPATIBLE TECHNOLOGY INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 and 2016

5. Fair Value (continued)

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.

The following is a summary of the inputs used to determine the fair value at June 30, 2017 and 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2017:				
Beneficial Interest in Assets Held by the Presbyterian Foundation	\$ <u>113,262</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>113,262</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>

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 \$113,262 and \$105,804 at June 30, 2017 and 2016, respectively.

COMPATIBLE TECHNOLOGY INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 and 2016

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>2017</u>	<u>2016</u>
McKnight/ICRISIT	\$ 26,533	\$ 52,430
Malawi – Peanut Processing Tools	17,982	-
Grinder Technology	10,495	31,143
Other	-	6,654
Capacity Building – Fund Development	-	29,733
	<u>\$ 55,010</u>	<u>\$ 119,960</u>

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:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Technology, Research and Development Services – at \$35-\$75 per hour for 6,657 hours in 2017 and 5,599 hours in 2016.	\$ 435,777	\$ 385,646
Fund Raising	18,000	15,000
	<u>\$ 453,777</u>	<u>\$ 400,646</u>

9. Leased Facilities

Rental commitments under a noncancelable lease for office space in effect at June 30, 2017, total \$53,796. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2018	\$ 46,099
2019	7,697
	<u>\$ 53,796</u>

Rental expense was \$45,377 and \$48,744 for the years ended June 30, 2017 and 2016, respectively.

COMPATIBLE TECHNOLOGY INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 and 2016

10. Notes Payable

The breakdown of notes payable was as follows as of:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
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, 2017. Secured by all business assets.	\$ 49,793	\$ 39,793
Portion Due Within One (1) Year	<u>49,793</u>	<u>39,793</u>
Long-term Portion	<u>\$ -</u>	<u>\$ -</u>

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>2017</u>	<u>2016</u>
Depreciation	\$ 6,070	\$ 6,572
Loss of Disposal of Asset	158	-
Unrealized Loss/(Gain) in Beneficial Interest in Assets Held by Presbyterian Church (USA) Foundation	(7,458)	10,553
Contributed Securities	-	(6,217)
Accumulated Translation Change	2,933	
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(17,774)	50,222
Accrued Salaries, Wages and Benefits	3,055	(3,090)
Deferred Revenue	-	-
Funds Held for Others	-	-
Refundable Advances	(33,275)	-
Decreases (Increases) in Current Assets:		
Accounts Receivable	(19,508)	4,557
Pledges Receivable	42,650	(36,250)
Inventory	7,452	(21,510)
Prepaid Expenses	<u>28,791</u>	<u>(31,985)</u>
Total Adjustments	<u>\$ 13,094</u>	<u>\$ 2,129</u>

**ADDITIONAL INFORMATION**





Carpenter, Evert & Associates

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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, 2017 and 2016, and our report thereon dated December 14, 2017, 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, 2017, 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.

*Carpenter Evert and Associates, Ltd.*

Certified Public Accountants

Minneapolis, Minnesota  
December 14, 2017

COMPATIBLE TECHNOLOGY INTERNATIONAL  
COMBINING SCHEDULE OF SUPPORT AND REVENUE, EXPENSE AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2017

Schedule 1

	Compatible Technology International							Total
	CTI, Inc.						Elimination Entries	
Compatible Technology International	CTI, Inc.	SARL (Senegal)	Malawi	Elimination Entries	Consolidated	Elimination Entries		
Support and Revenue:								
Contributions	\$ 442,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 442,214	
Government Grants	136,011	-	-	-	-	-	136,011	
In-kind Contributions	453,777	-	-	-	-	-	453,777	
Special Events (Net of Direct Expenses of \$33,927 in 2017 and \$14,224 in 2016)	194,697	-	-	-	-	-	194,697	
Contract Revenue	-	-	129,585	5,992	-	135,577	(135,577)	
Product Sales	14,729	-	-	-	-	-	14,729	
Investment and Other Income	11,605	-	66	-	-	66	11,671	
Total Support and Revenue	<u>1,253,033</u>	<u>-</u>	<u>129,651</u>	<u>5,992</u>	<u>-</u>	<u>135,643</u>	<u>(135,577)</u>	<u>1,253,099</u>
Expense:								
Salary Expense	231,742	-	41,626	-	-	41,626	-	273,368
Payroll Taxes and Benefits	36,498	-	226	-	-	226	-	36,724
Total Personnel Costs	<u>268,240</u>	<u>-</u>	<u>41,852</u>	<u>-</u>	<u>-</u>	<u>41,852</u>	<u>-</u>	<u>310,092</u>
In-kind Services	453,777	-	-	-	-	-	-	453,777
Professional Fees	271,105	-	16,657	3,264	-	19,921	(135,577)	155,449
Project Expense	3,696	-	88,897	2,088	-	90,985	-	94,681
Travel	48,521	-	2,138	427	-	2,565	-	51,086
Rent	43,647	-	1,730	-	-	1,730	-	45,377
Meetings and Conferences	18,833	-	15,613	-	-	15,613	-	34,446
Supplies	6,988	-	24,367	-	-	24,367	-	31,355
Advertising and Promotion	19,712	-	6,373	-	-	6,373	-	26,085
Interest and Bank Fees	14,530	-	1,466	48	-	1,514	-	16,044
Printing	15,143	-	-	-	-	-	-	15,143
Other Expense	6,807	-	6,670	-	-	6,670	-	13,477
Production Expenses	11,189	-	-	-	-	-	-	11,189
Insurance	5,311	3,000	206	-	-	3,206	-	8,517
Postage and Shipping	7,149	-	1,064	-	-	1,064	-	8,213
Utilities	6,437	-	1,202	165	-	1,367	-	7,804
Volunteer Expense	284	-	-	-	-	-	-	284
Depreciation	1,749	-	4,321	-	-	4,321	-	6,070
Total Expense	<u>1,203,118</u>	<u>3,000</u>	<u>212,556</u>	<u>5,992</u>	<u>-</u>	<u>221,548</u>	<u>(135,577)</u>	<u>1,289,089</u>
Change in Net Assets	49,915	(3,000)	(82,905)	-	-	(85,905)	-	(35,990)
Net Assets - Beginning of Year	<u>357,489</u>	<u>(1,500)</u>	<u>(114,931)</u>	<u>-</u>	<u>-</u>	<u>(116,431)</u>	<u>-</u>	<u>241,058</u>
Net Assets - End of Year	<u>\$ 407,404</u>	<u>\$ (4,500)</u>	<u>\$ (197,836)</u>	<u>-</u>	<u>-</u>	<u>\$ (202,336)</u>	<u>-</u>	<u>\$ 205,068</u>

See Statement of Auditor's Responsibility.

COMPATIBLE TECHNOLOGY INTERNATIONAL  
COMBINING SCHEDULE OF FINANCIAL POSITION

Schedule 2

JUNE 30, 2017

	Compatible Technology International									
	CTI, Inc.							Elimination Entries	Elimination Entries	Total
	Compatible Technology International	CTI, Inc.	SARL (Senegal)	Malawi	Elimination Entries	Consolidated	Total			
<u>ASSETS</u>										
Current Assets:										
Cash and Cash Equivalents	\$ 135,741	\$ -	\$ 9,981	\$ -	\$ -	\$ 9,981	\$ -	\$ 145,722		
Accounts Receivable	236,517	100	2,157	-	-	2,257	(208,966)	29,808		
Inventory	26,080	-	-	-	-	-	-	26,080		
Prepaid Expense	6,458	-	-	-	-	-	-	6,458		
Total Current Assets	<u>404,796</u>	<u>100</u>	<u>12,138</u>	<u>-</u>	<u>-</u>	<u>12,238</u>	<u>(208,966)</u>	<u>208,068</u>		
Noncurrent Assets:										
Beneficial Interest in Assets Held by the Presbyterian Church (USA) Foundation	113,262	-	-	-	-	-	-	113,262		
Investment in CTI, Inc.	100	-	-	-	-	-	(100)	-		
Investment in SARL Senegal	-	1,897	-	-	(1,897)	-	-	-		
Property and Equipment - Net	4,149	-	2,613	-	-	2,613	-	6,762		
TOTAL ASSETS	<u>\$ 522,307</u>	<u>\$ 1,997</u>	<u>\$ 14,751</u>	<u>\$ -</u>	<u>\$ (1,897)</u>	<u>\$ 14,851</u>	<u>\$ (209,066)</u>	<u>\$ 328,092</u>		
<u>LIABILITIES AND NET ASSETS</u>										
Current Liabilities:										
Accounts Payable	\$ 48,764	\$ 6,397	\$ 214,089	\$ -	\$ -	\$ 220,486	(208,966)	\$ 60,284		
Accrued Salaries and Vacation	16,346	-	-	-	-	-	-	16,346		
Notes Payable	49,793	-	-	-	-	-	-	49,793		
Refundable Advances	-	-	-	-	-	-	-	-		
Total Liabilities	<u>114,903</u>	<u>6,397</u>	<u>214,089</u>	<u>-</u>	<u>-</u>	<u>220,486</u>	<u>(208,966)</u>	<u>126,423</u>		
Net Assets:										
Unrestricted:										
Undesignated	239,132	(4,500)	(197,836)	-	-	(202,336)	-	36,796		
Cumulative Translation Adjustment	-	-	(3,399)	-	-	(3,399)	-	(3,399)		
Capital Stock	-	100	1,897	-	(1,897)	100	(100)	-		
Temporarily Restricted	55,010	-	-	-	-	-	-	55,010		
Permanently Restricted	113,262	-	-	-	-	-	-	113,262		
Total Net Assets	<u>407,404</u>	<u>(4,400)</u>	<u>(199,338)</u>	<u>-</u>	<u>(1,897)</u>	<u>(205,635)</u>	<u>(100)</u>	<u>201,669</u>		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 522,307</u>	<u>\$ 1,997</u>	<u>\$ 14,751</u>	<u>-</u>	<u>\$ (1,897)</u>	<u>\$ 14,851</u>	<u>\$ (209,066)</u>	<u>\$ 328,092</u>		

See Statement of Auditor's Responsibility.