

CDA COLLABORATIVE LEARNING PROJECTS, INC.

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2018 AND 2017**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
CDA Collaborative Learning Projects, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of CDA Collaborative Learning Projects, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2018, and the related statements of activities, and cash flows 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 CDA Collaborative Learning Projects, Inc. as of May 31, 2018, 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.



Substantial Doubt about the Organizations Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that CDA Collaborative Learning Projects, Inc. will continue as a going concern. As discussed in Note 10 to the financial statements, CDA Collaborative Learning Projects, Inc. has suffered recurring losses from operations and significant reduction in grant revenue and contract awards to sustain ongoing operations, and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplemental Statement of Revenues and Expenditures by Project and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and, Audit Requirements for Federal Awards are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2019, on our consideration of CDA Collaborative Learning Projects, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CDA Collaborative Learning Projects, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited CDA Collaborative Learning Projects, Inc.'s 2017 financial statements, and our report dated January 31, 2018, expressed an unqualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Topsfield, Massachusetts
February 4, 2019

CDA COLLABORATIVE LEARNING PROJECTS, INC.

STATEMENTS OF FINANCIAL POSITION
MAY 31, 2018 AND 2017

	ASSETS	2018	2017
CURRENT ASSETS:			
Cash and cash equivalents		\$ 109,173	\$ 313,135
Restricted cash and cash equivalents as to use		5,151	153,766
Grants receivable		680,150	1,265,064
Prepaid expenses		27,650	38,666
Other current assets		18,032	29,639
Total current assets		840,156	1,800,270
PROPERTY AND EQUIPMENT - NET		1,183	4,914
OTHER ASSETS:			
Grants receivable, net of current portion		257,819	407,924
Intangible assets, net		6,602	11,798
Security deposit		2,950	14,000
Total non-current assets		267,371	433,722
TOTAL ASSETS		\$ 1,108,710	\$ 2,238,906
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable		\$ 21,076	\$ 230,419
Accrued expenses		55,717	56,998
Deferred revenue		-	19,710
Total current liabilities		76,793	307,127
NET ASSETS:			
Unrestricted		194,290	281,335
Temporarily restricted		837,627	1,650,444
Total net assets		1,031,917	1,931,779
TOTAL LIABILITIES AND NET ASSETS		\$ 1,108,710	\$ 2,238,906

The accompanying notes are an integral part of these financial statements.

CDA COLLABORATIVE LEARNING PROJECTS, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2018
(with comparative totals for 2017)

	2018			2017
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
REVENUES:				
Grant revenue:				
TOTAL, SA	\$ -	\$ 300,000	\$ 300,000	\$ 100,000
Peace Support Fund	-	237,243	237,243	802,795
DAI-Rakhine CS Support	-	189,486	189,486	-
Other	-	145,143	145,143	64,252
Peace Direct	-	-	-	346,544
Alliance for Peacebuilding	-	-	-	134,107
Contract revenue	659,069	-	659,069	608,635
Miscellaneous revenue	949	-	949	32,575
Foreign currency loss	-	(19,591)	(19,591)	(29,968)
Net assets released from restrictions - satisfaction of program restrictions	1,665,098	(1,665,098)	-	-
TOTAL REVENUES	2,325,116	(812,817)	1,512,299	2,058,939
EXPENSES:				
Program expenses:				
Payroll and related expenses	1,000,959	-	1,000,959	1,187,350
Consultants	496,454	-	496,454	1,025,450
Travel	188,432	-	188,432	224,609
Occupancy and program support	117,971	-	117,971	172,361
Meetings	122,400	-	122,400	128,312
Total program expenses	1,926,217	-	1,926,217	2,738,082
General and administrative expenses	485,944	-	485,944	281,592
TOTAL EXPENSES	2,412,161	-	2,412,161	3,019,674
CHANGE IN NET ASSETS	(87,045)	(812,817)	(899,862)	(960,734)
NET ASSETS AT BEGINNING OF YEAR	281,335	1,650,444	1,931,779	530,921
Prior period adjustment	-	-	-	2,361,592
	281,335	1,650,444	1,931,779	2,892,513
NET ASSETS AT END OF YEAR	\$ 194,290	\$ 837,627	\$ 1,031,917	\$ 1,931,779

The accompanying notes are an integral part of these financial statements.

CDA COLLABORATIVE LEARNING PROJECTS, INC.

STATEMENTS
OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (899,862)	\$ (960,734)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	8,310	15,007
Loss on disposal of assets	617	-
Cash provided by (used in) changes in:		
Grants receivable	735,019	688,605
Prepaid expenses	11,016	(9,910)
Other current assets	11,607	(17,529)
Accounts payable	(209,343)	180,728
Accrued expenses	(1,281)	(10,523)
Deferred revenue	(19,710)	19,710
NET CASH USED IN OPERATING ACTIVITIES	(363,627)	(94,646)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Funds received from return of security deposit, net	11,050	-
Additions to intangible assets	-	(2,837)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	11,050	(2,837)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(352,577)	(97,483)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	466,901	564,384
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 114,323	\$ 466,901
CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 109,173	\$ 313,135
Restricted cash and cash equivalents as to use	5,151	153,766
Total cash and cash equivalents at end of year	\$ 114,324	\$ 466,901

The accompanying notes are an integral part of these financial statements.

CDA COLLABORATIVE LEARNING PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2018 AND 2017

NOTE 1 - ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities - CDA Collaborative Learning Projects, Inc. (CDA) is a Massachusetts not-for-profit agency based in Cambridge, Massachusetts with one field office in Myanmar. CDA works directly with humanitarian and development agencies, peace and conflict resolution organizations, multinational corporations and donor agencies to improve social, economic and security conditions in conflicted areas of the world. CDA specializes in convening and facilitating multi-stakeholder collaborative learning processes, that combine rigorous analysis with pragmatic field-level work and delivers practical tools and guidance to field staff and policymakers alike.

CDA operates the following major programs:

Responsible Business (RB) f/k/a The Corporate Engagement Program (CEP) - This program helps companies to improve their social impacts, support development in communities they affect, and operate in ways that strengthen their relationships with those communities. CDA works on a bilateral partnership basis with individual companies, and also works in multi-stakeholder initiatives to advance public understanding of corporate social impacts and their mitigation.

Accountability & Feedback Loops (AFL) f/k/a The Listening Program (LP) - This program helps policy makers, practitioners, and organizations improve the quality, effectiveness and accountability of humanitarian, development and peacebuilding programs through better tools for joint analysis, participatory program design, feedback loops, listening and accountability mechanisms. CDA's listening methodology features open-ended conversations with people in recipient communities about their experiences with and analysis of the cumulative impacts of international aid efforts in their communities. CDA continues applied research on effective feedback loops with a keen interest in feedback utilization in program adaptation.

Peacebuilding Effectiveness (PE) f/k/a The Reflecting on Peace Practice Program (RPP) and The Do No Harm Program (DNH) - These programs help peace practitioners, and organizations improve the relevance and accountability of programming through better tools for conflict analysis, program strategy, design, and assessment. CDA also contributes to influential policy guidance and the application of system thinking to conflict analysis, program design and evaluation. In the area of conflict sensitivity, CDA's do not harm conceptual frameworks and practical tools focus on how organization's interact with conflict and how they can work effectively in conflict contexts, while helping to mitigate their negative impacts on conflict, and support local capacities for peace.

Cross Projects - In recent years, CDA has undertaken several efforts that encompass multiple project areas. These initiatives involve two or more of CDA's traditional project/program areas. Cross-project work initiatives include CDA's presence in Myanmar and The Central Africa Accountable Service Delivery Initiative (CAASDI) project. CDA's office in Myanmar provides support for conflict-sensitive practice to local and international organizations and facilitates updated conflict and context analysis for improved conflict sensitivity practice and peacebuilding effectiveness. CAASDI is an innovative project being developed to promote accountable criminal justice sector service delivery in the Democratic Republic of the Congo. The project's approach includes a systemic analysis of public corruption in the criminal justice sector, program design based on explicit theories of change, and incorporation of strong monitoring and evaluation elements. It also draws from the Conflict Sensitivity and Peacebuilding Effectiveness programs.

(Continued)

CDA COLLABORATIVE LEARNING PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2018 AND 2017
(Continued)

NOTE 1 - ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization and Activities (Continued)

Conflict Sensitivity – Refers to the practice of understanding how aid interacts with conflict in a particular context, to mitigate unintended negative effects, and to influence conflict positively wherever possible, through humanitarian development and/or peacebuilding interventions. CDA's insights, conceptual frameworks and practice tools focus on how organizations interact with conflict and how they can work effectively in conflict contexts, while helping to mitigate their negative impacts on conflict, and support local capacities for peace. CDA collaborates with organizations and experts to learn how organizations and individuals learn, think about, apply and spread conflict sensitivity within and among organizations.

Basis of Accounting – The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation – CDA reports information regarding its financial position and activities according to the following three classes of net assets:

1. Unrestricted Net Assets - use of resources is not limited or restricted by donors.
2. Temporarily Restricted Net Assets - use of resources is limited by donors for a specific purpose and/or time period.
3. Permanently Restricted Net Assets - resources must be maintained in accordance with permanent restrictions imposed by donors.

Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

CDA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

Foreign Operations – Certain grant and contract awards are provided by and to be used for international countries. To accommodate several grant awards and a contract for service to Myanmar, a field office was established in this country. The field office shares an office space with another organization. CDA has eleven employees working from the Myanmar location. Funding for Myanmar's operations comes through CDA and its procurement of grants and contracts for their projects. US dollars are sent to the field office for the payment of expenditures in Myanmar's currency, the Kyat. The remeasurement of the Kyat to the US Dollar occurs at the time of disbursement of funds and is reported in the Statement of Activities as aggregate transaction gain or loss. As of May 31, 2018 and 2017, the aggregate foreign transaction loss was \$19,591 and \$16,284, respectively.

Revenue Recognition – CDA records grant and contract revenue when awarded. Funds restricted by donors, grantors, or other outside parties for specific operating purposes are recognized as unrestricted revenue upon CDA's compliance with the specific restrictions. Transfers are made to unrestricted net assets as costs are incurred or time restrictions or program restrictions have lapsed. Contract revenue is recorded as deferred revenue and recognized over the contract period as services are provided.

(Continued)

CDA COLLABORATIVE LEARNING PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2018 AND 2017
(Continued)

NOTE 1 - ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable – Grants receivable represent unconditional promises to give, which are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. These amounts are considered fully collectible by management, and consequently, these financial statements do not contain a provision for uncollectible grants. Therefore, if grants become uncollectible, they will be charged as an expense when determination is made.

Foreign Currency Transactions and Grants Receivable – CDA receives grants from foreign grantors. The grants are recorded at the conversion value of the foreign currency to US dollars on the date the grant is awarded. As cash payments are received, any gains or losses due to changes in the value from the previous valuation date are recognized. All grants receivable at May 31, 2018 and 2017 from foreign grantors have been re-valued against their respective foreign currency.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management's Review – In preparing these financial statements, CDA Collaborative Learning Projects, Inc.'s management has evaluated events and transactions for potential recognition or disclosure through February 4, 2019, the date the financial statements were available to be issued.

Cash and Cash Equivalents – For purposes of the Statements of Cash Flows, CDA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Restricted Cash and Cash Equivalents as to Use – Restricted cash represents assets from certain grantors requesting that their funds be kept in a separate cash account until the monies have been expended for the grants intended purpose.

Property and Equipment – Property and equipment are stated at cost. Repairs and maintenance are charged to expense as incurred. Acquisitions of property and equipment in excess of \$2,500 are capitalized. Upon retirement or sale, the asset cost and related accumulated depreciation are removed from the accounts, and any gain or loss is credited to or charged against income.

Property and equipment is depreciated on a straight-line basis over their estimated useful lives of three to five years. Amortization of leasehold improvements is based on the estimated useful lives of the assets or on the remaining terms of the lease plus options, whichever is greater.

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Office equipment	3-5
Leasehold improvements	5

(Continued)

CDA COLLABORATIVE LEARNING PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2018 AND 2017
(Continued)

NOTE 1 - ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

CDA reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Intangible Assets – Intangible assets are costs associated with the design of CDA’s website. These costs are being amortized over three years. Amortization expense was \$5,196 and \$7,523 for the years ended May 31, 2018 and 2017, respectively.

Deferred Revenue – CDA recognizes contract service revenue when earned. Deferred revenue represents prepayments for certain program contracts that were not earned as of May 31, 2017. There was no deferred revenue at May 31, 2018.

Advertising – CDA’s policy is to expense advertising costs as incurred. There were no advertising costs for the years ended May 31, 2018 and 2017.

NOTE 2 – GRANTS RECEIVABLE

During the years ended May 31, 2018 and 2017, CDA received grants for its various programs. Management has provided for a discount of \$6,188 and \$8,107 for grants to be received after one year for the years ended May 31, 2018 and 2017, respectively. Grants to be received after one year are discounted using a federal rate of 2.4% for determining the present value of an annuity and corresponding with the term of the respective grants at May 31, 2018 and 2017.

	2018	2017
Grants receivable due in one year	\$ 680,150	\$ 1,265,064
Grants receivable due in one to five years	264,007	416,031
	944,157	1,681,095
Less - present value discount	6,188	8,107
Grants receivable, net of discount	<u>\$ 937,969</u>	<u>\$ 1,672,988</u>

(Continued)

CDA COLLABORATIVE LEARNING PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2018 AND 2017
(Continued)

NOTE 3 – PROPERTY AND EQUIPMENT

At May 31, 2018 and 2017, property and equipment was comprised of as follows:

	2018	2017
Office equipment	\$ 16,753	\$ 95,684
Leasehold improvements	-	10,579
	16,753	106,263
Less accumulated depreciation	15,570	101,349
Property and equipment - net	<u>\$ 1,183</u>	<u>\$ 4,914</u>

Depreciation of property and equipment provided in expenses was \$3,114 and \$7,484 for the years ended May 31, 2018 and 2017, respectively.

NOTE 4 – RESTRICTED NET ASSETS

At May 31, 2018 and 2017, temporarily restricted net assets were available for the following purposes:

	2018	2017
Restricted for projects:		
Responsible Business	\$ 301,962	\$ 224,773
Cross Projects	345,773	1,070,024
Peace Building Effectiveness	189,892	331,474
Accountability & Feedback Loop	-	24,173
	<u>\$ 837,627</u>	<u>\$ 1,650,444</u>

NOTE 5 – CONCENTRATION OF CREDIT RISK

CDA received 62% and 65% of its total operating revenues from six grantors during the years ended May 31, 2018 and 2017, respectively. Grants receivable from these customers amounted to 80% and 79% of the total grants receivable at May 31, 2018 and 2017, respectively. The loss of these grantors would have a material adverse effect on CDA.

(Continued)

CDA COLLABORATIVE LEARNING PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2018 AND 2017
(Continued)

NOTE 6 – LEASE AGREEMENTS

As of January 1, 2018, CDA was able to terminate their former office lease without penalties and enter into a more financially favorable lease agreement also for office space in Cambridge, Massachusetts. This lease agreement was entered into on December 19, 2017 and is a triple net lease with a three-year lease commencing January 1, 2018 and ending December 31, 2020. A security deposit of \$2,950 was remitted upon execution of this lease. The annual rental is \$35,400 and is subject to annual increases of approximately 3.3%.

As a result of the termination of the former office lease, a security deposit and one month's rent totaling \$14,000 is included in security deposit on the Statements of Financial Position at May 31, 2017. During fiscal year 2018, CDA received \$11,050 of its security deposit. Also, CDA leases office space in Myanmar under a lease agreement which expired on June 30, 2018. The lease agreements require CDA to pay the cost of utilities, maintain certain insurance coverage, among other things. Rent expense under these leases was \$110,050 and \$114,833 for the years ended May 31, 2018 and 2017, respectively.

Future minimum lease payments under this agreement and the new lease agreement are as follows:

Fiscal Year	Minimum Rentals
2019	\$ 35,900
2020	37,100
2021	18,550

NOTE 7 – RETIREMENT PLAN

CDA offers a 401(k) plan to eligible employees. Employees may make pretax contributions to the Plan and CDA will contribute up to 4% of the employee's salary. During the years ended May 31, 2018 and 2017, CDA made contributions to the plan totaling \$18,315 and \$20,265, respectively.

NOTE 8 – TAX STATUS

CDA Collaborative Learning Projects, Inc. is a not-for-profit organization, qualifying under IRS Section 501(c)(3), and is exempt from federal and state income taxes. However, if CDA had unrelated business income it would be taxable.

Accounting principles generally accepted in the United States of America require CDA's management to evaluate tax positions taken by CDA and recognize a tax liability (or asset) if CDA has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by CDA, and has concluded that as of May 31, 2018, there were no material uncertain tax positions to report.

For the year ended May 31, 2018, no provision for income taxes has been made. CDA is subject to audit by tax authorities generally for three years after its information returns were filed. Information returns filed for the years ended 2017, 2016, and 2015 remain subject to examination by the Internal Revenue Service and the State of Massachusetts. CDA believes that it has appropriate support for the positions taken on its returns.

(Continued)

CDA COLLABORATIVE LEARNING PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2018 AND 2017
(Continued)

NOTE 9 – RELATED PARTY TRANSACTIONS

A member of the Board of Directors is the owner of a company that performed bookkeeping services for CDA. Total amounts paid for these services were \$3,020 for the year ended May 31, 2017. There were no related party transactions in 2018.

NOTE 10– GOING CONCERN

As indicated in the accompanying financial statements, CDA incurred a decrease in net assets of \$899,862 during the year ended May 31, 2018. CDA has incurred recurring operating losses and significant reduction in grant revenue and contract awards during the years ended May 31, 2018 and 2017, which is negatively impacting its ability to sustain ongoing operations. These factors create substantial doubt about the Organization's ability to continue as a going concern for the year following the date the financial statements are available to be issued.

The Board of Directors has evaluated these conditions and determined that a reduction in overhead costs and obtaining new funding sources and contributions would alleviate this uncertainty. As a result, the Organization has implemented plans to aggressively seek and obtain new grant and contract awards, reduce its overhead expenditures, and reorganize its collaborative model. The collaborative model includes CDA forging affiliations as well as strategic partnerships with consultants to perform joint collaboration on conflict resolution projects. The ability of the Organization to continue as a going concern and meet its obligations as they become due is dependent on obtaining new funding sources and reducing overhead costs to successfully implement its plan. CDA has reduced its overhead costs, continues to receive payment on its outstanding grants receivable, which funds ongoing operations, and has redesigned its collaborative model with the intent to effectuate its ability to procure new grants and contracts. The redesign of its collaborative model has not been finalized; therefore, receipt of the additional funding is not considered probable under *ASU 2014-15, Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (ASU 2015-14)*. Since, under the new standard, the success of the redesigned collaborative model in securing new grants and contracts is not determinable and thus not considered probable through February 4, 2020, substantial doubt is deemed to exist about CDA's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

NOTE 11 – CUMULATIVE EFFECT OF ACCOUNTING CHANGE

In fiscal year 2017, CDA changed its accounting method for revenue recognition from the modified cash basis of accounting to the accrual basis of accounting which is in conformity with accounting principles generally accepted in the United States of America, (GAAP). During fiscal year 2017, CDA expended federal funds in excess of \$750,000, the Uniform Guidance threshold for not-for-profit entities, which requires additional reporting in conformity with GAAP.

As a result of this change, the Statement of Activities reflects the restatement of beginning net assets to record the accrual of revenue as of May 31, 2016, and the corresponding grant receivables and deferred revenue.

NOTE 12 – SUBSEQUENT EVENT

Effective July 1 2018, CDA's Myanmar field office closed and its operations reorganized as a separate, local-entity, RAFT. All local and international Myanmar staff are now employees of RAFT. Myanmar's existing donors had indicated strong support for RAFT. All Myanmar grants were completed as of June 30, 2018. There were no assets and liabilities to be transferred or assumed by RAFT.

SUPPLEMENTAL SCHEDULES

CDA COLLABORATIVE LEARNING PROJECTS, INC.

SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES BY PROJECT
FOR THE YEAR ENDED MAY 31, 2018

	Peace Building Effectiveness	Responsible Business
REVENUES:		
Grants:		
TOTAL, S.A.	\$ -	\$ 180,000
Peace Support Fund	-	-
DAI-Rakhine CS Support	-	-
Other Grants	21,714	4,738
Total source of grants expended	21,714	184,738
Contract revenue	90,903	17,648
Miscellaneous revenue	-	-
Foreign currency loss	-	-
TOTAL REVENUES	112,617	202,386
EXPENSES:		
Direct project expenses:		
Payroll and related expenses	136,613	119,497
Travel	18,825	36,020
Consultants	31,936	(12,471)
Meetings	3,498	2,434
Total direct project expenses	190,872	145,480
General and administrative expenses:		
Payroll and related expenses	-	-
Rent	7,275	6,363
Office expenses	2,679	2,344
Bookkeeping services	-	-
Audit expense	-	-
Telephone	2,595	2,270
Insurance	944	826
Depreciation and amortization	791	692
Miscellaneous	1,817	1,589
Total general and administrative expenses	16,101	14,084
TOTAL EXPENSES	206,973	159,564
EXCESS FUNDS OVER (UNDER) EXPENDITURES	\$ (94,356)	\$ 42,822

Accountability & Feedback Loop	Conflict- Sensitivity	Cross Projects	General and Administrative	TOTAL
\$ -	\$ -	\$ -	\$ 120,000	\$ 300,000
-	-	206,996	30,247	237,243
-	-	169,059	20,427	189,486
-	-	105,664	13,027	145,143
-	-	481,719	183,701	871,872
58,746	163,350	43,215	285,207	659,069
-	-	-	949	949
-	-	(19,591)	-	(19,591)
58,746	163,350	505,343	469,857	1,512,299
51,175	108,309	585,365	-	1,000,959
11,826	12,647	99,884	9,232	188,432
5,400	13,032	360,664	97,893	496,454
249	1,886	114,269	65	122,400
68,649	135,874	1,160,181	107,190	1,808,245
-	-	-	434,709	434,709
2,725	5,767	31,170	23,148	76,448
1,004	2,124	11,481	8,526	28,158
-	-	-	-	-
-	-	-	-	-
972	2,057	11,119	8,257	27,270
354	749	4,046	3,005	9,924
296	627	3,388	2,516	8,310
681	1,441	7,786	5,783	19,097
6,031	12,765	68,990	485,944	603,916
74,681	148,639	1,229,171	593,134	2,412,161
\$ (15,935)	\$ 14,711	\$ (723,829)	\$ (123,276)	\$ (899,862)

CDA COLLABORATIVE LEARNING PROJECTS, INC.

SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES BY PROJECT
FOR THE YEAR ENDED MAY 31, 2017

	Peace Building Effectiveness	Responsible Business
REVENUES:		
Grants:		
Peace Support Fund	\$ -	\$ -
Peace Direct	-	-
Alliance for Peacebuilding	116,615	-
TOTAL, S.A.	-	50,000
Other Grants	6,852	-
Total source of grants expended	123,467	50,000
Contract revenue	118,207	8,713
Miscellaneous revenue	2,066	-
Foreign currency loss	-	(29,968)
TOTAL REVENUES	243,740	28,745
EXPENSES:		
Direct project expenses:		
Payroll and related expenses	191,636	221,247
Travel	43,790	41,843
Consultants	43,619	320,274
Meetings	21,513	34,502
Total direct project expenses	300,558	617,866
General and administrative expenses:		
Payroll and related expenses	-	-
Rent	12,972	14,976
Office expenses	1,510	1,743
Bookkeeping services	2,197	2,536
Audit expense	3,627	4,187
Telephone	2,646	3,055
Insurance	531	613
Depreciation and amortization	2,005	2,315
Miscellaneous	640	739
Total general and administrative expenses	26,128	30,165
TOTAL EXPENSES	326,686	648,031
EXCESS FUNDS OVER (UNDER) EXPENDITURES	\$ (82,945)	\$ (619,286)

Accountability & Feedback Loop	Conflict- Sensitivity	Cross Projects	General and Administrative	TOTAL
\$ -	\$ -	\$ 778,795	\$ 24,000	\$ 802,795
-	-	266,572	79,972	346,544
-	-	-	17,492	134,107
-	-	-	50,000	100,000
36,351	-	-	21,049	64,252
36,351	-	1,045,367	192,512	1,447,697
14,686	96,774	201,472	168,782	608,635
256	-	24,668	5,585	32,575
-	-	-	-	(29,968)
51,293	96,774	1,271,507	366,879	2,058,939
27,022	74,887	672,559	-	1,187,350
2,790	23,520	102,481	10,184	224,609
5,820	17,850	637,887	-	1,025,450
348	1,928	70,021	-	128,312
35,980	118,185	1,482,947	10,184	2,565,721
-	-	-	247,145	247,145
1,829	5,069	45,525	16,729	97,099
213	590	15,777	1,947	21,780
310	858	7,710	2,833	16,444
511	1,417	12,729	4,678	27,150
373	1,034	9,287	3,413	19,808
75	208	1,864	685	3,976
283	783	7,036	2,585	15,007
90	250	2,247	1,576	5,543
3,684	10,209	102,175	281,591	453,952
39,664	128,395	1,585,122	291,775	3,019,674
\$ 11,629	\$ (31,621)	\$ (313,615)	\$ 75,104	\$ (960,734)

CDA COLLABORATIVE LEARNING PROJECTS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
The Bureau of International Narcotics and Law Enforcement Affairs Central Africa Accountable Service Delivery Initiative	19.705	\$ 444,688
Agency for International Development USAID Foreign Assistance for Programs Overseas	98.001	
Localworks SAS		
CDA Reference Number CP.2013.03.xc (CDA is subawardee)	*	92,634
DAI Rakhine		
CDA Reference Number RD.2013.04.CS (CDA is subawardee)	*	177,349
MSI FACTRS		
CDA Reference Number RD.3045.01.AF (CDA is subawardee)	*	91,531
		<u>361,514</u>
IRC Feedback to Action	19.522	<u>26,292</u>
Total		<u>\$ 832,494</u>

* These grant awards are funded by the USAID Foreign Assistance for Programs Overseas. No individual CFDA number has been assigned to these grant awards.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
MAY 31, 2018

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of CDA Collaborative Learning Projects, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of CDA Collaborative Learning Projects, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of CDA Collaborative Learning Projects, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
CDA Collaborative Learning Projects, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of CDA Collaborative Learning Projects, Inc., which comprise the statement of financial position as of May 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CDA Collaborative Learning Projects, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CDA Collaborative Learning Projects, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of CDA Collaborative Learning Projects, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether CDA Collaborative Learning Projects, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "BJHC PC". The letters are stylized and slanted.

Topsfield, Massachusetts
February 4, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
CDA Collaborative Learning Projects, Inc.

Report on Compliance for Each Major Federal Program

We have audited CDA Collaborative Learning Projects, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CDA Collaborative Learning Projects, Inc.'s major federal programs for the year ended May 31, 2018. CDA Collaborative Learning Projects, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of CDA Collaborative Learning Projects, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CDA Collaborative Learning Projects, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CDA Collaborative Learning Projects, Inc.'s compliance.



Opinion on Each Major Federal Program

In our opinion, CDA Collaborative Learning Projects, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2018.

Report on Internal Control Over Compliance

Management of CDA Collaborative Learning Projects, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CDA Collaborative Learning Projects, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CDA Collaborative Learning Projects, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our consideration on internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "BJHC PC".

Topsfield, Massachusetts
February 4, 2019

CDA COLLABORATIVE LEARNING PROJECTS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MAY 31, 2018

A. SUMMARY OF AUDITOR'S RESULTS:

1. The auditor's report expresses a modified opinion on whether the financial statements of CDA Collaborative Learning Projects, Inc. were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of CDA Collaborative Learning Projects, Inc. were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs of CDA Collaborative Learning Projects, Inc. expresses an unmodified opinion.
6. No audit findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs were: The Bureau of International Narcotics and Law Enforcement Affairs – Central Africa Accountable Service Delivery Initiative, CFDA#19.705, Agency for International Development – USAID Foreign Assistance for Programs Overseas, CFDA#98.001, and IRC Feedback to Action, CFDA#19.522
8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. CDA Collaborative Learning Projects, Inc. was determined to be a high-risk auditee.

B. FINDING - FINANCIAL STATEMENT AUDIT: None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT: None

CDA COLLABORATIVE LEARNING PROJECTS, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED May 31, 2017

A. REPORTABLE CONDITIONS

2017-001

Condition: While performing disbursement cut-off testing, three transactions which occurred in fiscal 2017 were expensed in fiscal 2018 totaling \$76,652.

Recommendation: The auditor recommended that at year-end the bookkeeping company perform a careful review of subsequent disbursements to identify unrecorded liabilities.

Current Status: CDA instituted an accounting procedure to review expenses to ensure recording in the proper period.