



NDOTO: FOR AFRICA'S FUTURE

Financial Statements
With Independent Accountants' Compilation
Report

December 31, 2019 and 2018

NDOTO: FOR AFRICA'S FUTURE

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Ndoto: For Africa's Future
Carrollton, Texas

Management is responsible for the accompanying financial statements of Ndoto: For Africa's Future (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Capin Crouse LLP

Grapevine, Texas
February 20, 2020

NDOTO: FOR AFRICA'S FUTURE

Statements of Financial Position

	December 31,	
	<u>2019</u>	<u>2018</u>
ASSETS:		
Cash and cash equivalents	\$ 223,664	\$ 289,692
Prepays and other assets	53,029	55,292
Certificates of deposit	<u>125,651</u>	<u>50,000</u>
Total Assets	<u>\$ 402,344</u>	<u>\$ 394,984</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	<u>\$ 1,070</u>	<u>\$ 2,540</u>
Net Assets:		
Without donor restrictions	159,954	138,537
With donor restrictions	<u>241,320</u>	<u>253,907</u>
	<u>401,274</u>	<u>392,444</u>
Total Liabilities and Net Assets	<u>\$ 402,344</u>	<u>\$ 394,984</u>

See independent accountants' compilation report and notes to financial statements

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Statements of Activities

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 178,272	\$ 225,779	\$ 404,051	\$ 156,790	\$ 291,965	\$ 448,755
Other income	4,820	-	4,820	1,054	-	1,054
Total Support and Revenue	183,092	225,779	408,871	157,844	291,965	449,809
NET ASSETS RELEASED:						
Purpose restrictions	238,366	(238,366)	-	205,227	(205,227)	-
EXPENSES:						
Program activities:						
Sponsorships	253,128	-	253,128	225,623	-	225,623
Visiting missionary	12,203	-	12,203	18,372	-	18,372
Development	27,116	-	27,116	16,977	-	16,977
Student emergency	1,463	-	1,463	8,195	-	8,195
	293,910	-	293,910	269,167	-	269,167
Supporting activities:						
General and administrative	44,039	-	44,039	46,914	-	46,914
Fundraising	62,092	-	62,092	41,737	-	41,737
Total Expenses	400,041	-	400,041	357,818	-	357,818
Change in Net Assets	21,417	(12,587)	8,830	5,253	86,738	91,991
Net Assets, Beginning of Year	138,537	253,907	392,444	133,284	167,169	300,453
Net Assets, End of Year	\$ 159,954	\$ 241,320	\$ 401,274	\$ 138,537	\$ 253,907	\$ 392,444

See independent accountants' compilation report and notes to financial statements

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Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services				Total Program Services	Supporting Activities		TOTAL
	Sponsorships	Visiting Missionary	Development	Student Emergency		General and Administrative	Fundraising	
Grants	\$ 220,901	\$ -	\$ 17,451	\$ 115	\$ 238,467	\$ -	\$ -	\$ 238,467
Salaries and benefits	29,703	5,027	9,665	1,348	45,743	26,005	51,244	122,992
Travel and meetings	2,350	7,176	-	-	9,526	3,666	1,813	15,005
Office expenses	130	-	-	-	130	14,368	819	15,317
Other	44	-	-	-	44	-	8,216	8,260
	\$ 253,128	\$ 12,203	\$ 27,116	\$ 1,463	\$ 293,910	\$ 44,039	\$ 62,092	\$ 400,041

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Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services				Total Program Services	Supporting Activities		TOTAL
	Sponsorships	Visiting Missionary	Development	Student Emergency		General and Administrative	Fundraising	
Grants	\$ 190,806	\$ 1,378	\$ 7,000	\$ 2,678	\$ 201,862	\$ -	\$ -	\$ 201,862
Salaries and benefits	29,746	10,410	9,952	5,517	55,625	32,788	33,695	122,108
Travel and meetings	4,569	6,584	-	-	11,153	1,828	1,299	14,280
Office expenses	79	-	25	-	104	11,530	1,179	12,813
Other	423	-	-	-	423	768	5,564	6,755
	\$ 225,623	\$ 18,372	\$ 16,977	\$ 8,195	\$ 269,167	\$ 46,914	\$ 41,737	\$ 357,818

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Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 8,830	\$ 91,991
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	2,263	(2,620)
Accounts payable	(1,470)	(4,248)
Net Cash Provided by Operating Activities	<u>9,623</u>	<u>85,123</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of certificates of deposit	50,000	-
Reinvested interest in certificates of deposit	(651)	-
Purchases of certificates of deposit	(125,000)	(50,000)
Net Cash Used by Investing Activities	<u>(75,651)</u>	<u>(50,000)</u>
Net Change in Cash	(66,028)	35,123
Cash and Cash Equivalents, Beginning of Year	<u>289,692</u>	<u>254,569</u>
Cash and Cash Equivalents, End of Year	<u>\$ 223,664</u>	<u>\$ 289,692</u>

See independent accountants' compilation report and notes to financial statements

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Notes to Financial Statements

December 31, 2019 and 2018

1. NATURE OF ORGANIZATION:

Ndoto: For Africa's Future (Ndoto) is a Texas nonprofit organization incorporated in September of 2009. Ndoto is a Christ centered community development organization that works in the Obunga slum in Kisumu, Kenya. Ndoto's mission is to educate, disciple, and develop at-risk youth to pursue their dreams, glorify God, and transform their communities. This is accomplished through the following major program areas:

Educate: Through student sponsorship, Ndoto is able to pay for school fees, as well as address the mental, emotional, and physical needs of a student holistically.

Disciple: As part of the student sponsorship, Ndoto staff members meet with students in small groups and one-on-one to help grow in their knowledge of God and in their faith in Jesus Christ. This includes student retreats and the operation of the Ndoto Community Church.

Develop: Ndoto launches and operates businesses to create jobs, serve the community, and provide revenue for the ministry. Ndoto also works on its own and with partners to develop the community holistically.

Ndoto receives its main support through charitable contributions.

Ndoto operates as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), and is not a private foundation under Section 509(a) of the Code. Contributions to Ndoto are deductible for income tax purposes.

2. SUMMARY OF ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the statements to the reader.

RECENTLY ADOPTED ACCOUNTING STANDARD

In 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Ndoto adopted the provisions of this new standard during the year ended December 31, 2019. The new standard clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. Adoption of this standard had no effect on change in net assets or net assets in total.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS AND CREDIT RISK

Cash and cash equivalents consists of checking and money market accounts. Management believes it is not exposed to any significant credit risk on these accounts. As of December 31, 2019 and 2018, approximately \$68,000 and \$46,000 (including certificates of deposit below) was in excess of federally insured limits, respectively.

CERTIFICATES OF DEPOSIT AND CREDIT RISK

Ndoto reports certificates of deposit are reported at cost, plus accrued interest. The certificates of deposit are located at the same bank where most of its cash and cash equivalents are maintained. Interest rates range between 1.89 percent and 2.32 percent and have various maturity dates through October 2020. See credit risk disclosure per cash and cash equivalents above.

NET ASSETS

The statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available for use at the discretion of the board.

Net assets with donor restrictions are those resources contributed with donor stipulations for specific operating purposes.

SUPPORT, REVENUE, AND RECLASSIFICATIONS

Contributions are reported when made, which may be when cash is received unconditional promises are made, or ownership of donated assets is transferred to Ndoto. Bequests are reported as support at the time Ndoto has an established right to the bequest and proceeds are measurable. Revenues are reported when earned. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as a satisfaction of purpose restrictions.

CONCENTRATION OF SUPPORT RISK

For the years ended December 31, 2019 and 2018, the top 10 givers provided approximately 22% and 25%, respectively, of the support to Ndoto.

EXPENSES

Expenses are reported when incurred. Ndoto did not incur any advertising expenses during the years ended December 31, 2019 and 2018. The costs of providing the various program services and supporting activities have been summarized in the statements of activities. Accordingly, salaries and wages have been allocated on the basis of time and effort; depreciation and facility expense have been allocated on the basis of square footage used. All other expenses were allocated based upon the functional nature of the underlying expenses. Ndoto incurred no joint costs for the years ended December 31, 2019 and 2018.

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3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects Ndoto's financial assets reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date of:

	December 31,	
	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 223,664	\$ 289,692
Certificates of deposit	125,651	50,000
Investments	1	2,615
Financial assets, at year end	<u>349,316</u>	<u>342,307</u>
Less those unavailable for general expenditure within one year, due to:		
Donor restrictions based on purpose or time	<u>(240,670)</u>	<u>(236,782)</u>
Financial assets available to meet general obligations within one year	<u>\$ 108,646</u>	<u>\$ 105,525</u>

As part of Ndoto's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations comes due. As of December 31, 2019 and 2018, Ndoto has \$650 and \$17,125 of net assets with donor restrictions for various projects that are considered available to meet general expenditures within one year.

4. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2019	2018
Sponsorships	\$ 240,670	\$ 236,782
Business development projects	175	10,925
Special designations	475	6,200
	<u>\$ 241,320</u>	<u>\$ 253,907</u>

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5. RELATED PARTY TRANSACTIONS:

Ndoto's U.S. executive director is the board chairman for Ndoto Kenya, a separately controlled nonprofit organization located in Kenya. Ndoto provides financial support to Ndoto Kenya each year. During the years ended December 31, 2019 and 2018, \$236,803 and \$200,000, respectively, was given to Ndoto Kenya.

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 20, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.