



NDOTO: FOR AFRICA'S FUTURE

Financial Statements
With Independent Accountants' Compilation
Report

December 31, 2021 and 2020

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, 2021 and 2020, 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 engagements 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

Irving, Texas
July 25, 2022

NDOTO: FOR AFRICA'S FUTURE

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 461,543	\$ 366,081
Prepays and other assets	38,139	74,794
Certificates of deposit	50,035	125,453
Property and equipment-net	13,580	-
Total Assets	<u>\$ 563,297</u>	<u>\$ 566,328</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 474	\$ 97
Total Liabilities	<u>474</u>	<u>97</u>
Net Assets:		
Without donor restrictions	184,768	189,444
With donor restrictions	378,055	376,787
Total Net Assets	<u>562,823</u>	<u>566,231</u>
Total Liabilities and Net Assets	<u>\$ 563,297</u>	<u>\$ 566,328</u>

See independent accountants' compilation report and notes to financial statements

NDOTO: FOR AFRICA'S FUTURE

Statements of Activities

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 156,759	\$ 225,839	\$ 382,598	\$ 168,187	\$ 241,139	\$ 409,326
Grant revenue	-	-	-	12,148	-	12,148
Other income	2,699	-	2,699	4,077	-	4,077
Total Support and Revenue	159,458	225,839	385,297	184,412	241,139	425,551
NET ASSETS RELEASED:						
Satisfaction of restrictions	224,571	(224,571)	-	105,672	(105,672)	-
EXPENSES:						
Program services:						
Sponsorships	254,733	-	254,733	132,898	-	132,898
Visiting missionary	15,672	-	15,672	9,085	-	9,085
Development	10,932	-	10,932	7,773	-	7,773
Student emergency	5,664	-	5,664	7,097	-	7,097
	287,001	-	287,001	156,853	-	156,853
Supporting activities:						
General and administrative	56,695	-	56,695	51,113	-	51,113
Fund-raising	45,009	-	45,009	52,628	-	52,628
Total Expenses	388,705	-	388,705	260,594	-	260,594
Change in Net Assets	(4,676)	1,268	(3,408)	29,490	135,467	164,957
Net Assets, Beginning of Year	189,444	376,787	566,231	159,954	241,320	401,274
Net Assets, End of Year	\$ 184,768	\$ 378,055	\$ 562,823	\$ 189,444	\$ 376,787	\$ 566,231

See independent accountants' compilation report and notes to financial statements

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Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services				Total Program Services	Supporting Activities		TOTAL
	Sponsorships	Visiting Missionary	Development	Student Emergency		General and Administrative	Fund-raising	
Grants	\$ 214,959	\$ 855	\$ 2,572	\$ 2,821	\$ 221,207	\$ -	\$ -	\$ 221,207
Salaries and benefits	39,281	6,145	8,360	2,843	56,629	35,354	36,896	128,879
Travel and meetings	-	8,672	-	-	8,672	5,689	3,771	18,132
Office expenses	2	-	-	-	2	13,162	1,350	14,514
Other	491	-	-	-	491	2,490	2,992	5,973
	\$ 254,733	\$ 15,672	\$ 10,932	\$ 5,664	\$ 287,001	\$ 56,695	\$ 45,009	\$ 388,705

See independent accountants' compilation report and notes to financial statements

NDOTO: FOR AFRICA'S FUTURE

Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services				Total Program Services	Supporting Activities		TOTAL
	Sponsorships	Visiting Missionary	Development	Student Emergency		General and Administrative	Fund-raising	
Grants	\$ 103,719	\$ 86	\$ 498	\$ 1,227	\$ 105,530	\$ -	\$ 227	\$ 105,757
Salaries and benefits	27,930	2,619	7,275	5,870	43,694	35,679	49,536	128,909
Travel and meetings	693	6,380	-	-	7,073	2,267	-	9,340
Office expenses	397	-	-	-	397	12,637	819	13,853
Other	159	-	-	-	159	530	2,046	2,735
	<u>\$ 132,898</u>	<u>\$ 9,085</u>	<u>\$ 7,773</u>	<u>\$ 7,097</u>	<u>\$ 156,853</u>	<u>\$ 51,113</u>	<u>\$ 52,628</u>	<u>\$ 260,594</u>

See independent accountants' compilation report and notes to financial statements

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Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (3,408)	\$ 164,957
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation and amortization	1,235	-
Recognition of grant revenue	-	(12,148)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	36,655	(21,765)
Accounts payable	377	(973)
Net Cash Provided by Operating Activities	34,859	130,071
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of certificates of deposit	125,453	127,532
Reinvested interest in certificates of deposit	(35)	(2,334)
Purchases of certificates of deposit	(50,000)	(125,000)
Net Cash Provided by Investing Activities	75,418	198
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of property and equipment	(14,815)	-
Proceeds from paycheck protection program loan	-	12,148
Net Cash Provided (Used) by Financing Activities	(14,815)	12,148
Net Change in Cash	95,462	142,417
Cash and Cash Equivalents, Beginning of Year	366,081	223,664
Cash and Cash Equivalents, End of Year	\$ 461,543	\$ 366,081
SUPPLEMENTAL DISCLOSURE:		
Non-cash financing transaction to recognize loan forgiveness	\$ -	\$ 12,148

See independent accountants' compilation report and notes to financial statements

NDOTO: FOR AFRICA'S FUTURE

Notes to Financial Statements

December 31, 2021 and 2020

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. SIGNIFICANT 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.

CASH AND CASH EQUIVALENTS AND CREDIT RISK

Cash and cash equivalents consists of checking, money market, and saving accounts. Management believes it is not exposed to any significant credit risk on these accounts. As of December 31, 2021 and 2020, approximately \$82,000 and \$135,000 (including the certificate of deposit below) was in excess of federally insured limits, respectively.

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Notes to Financial Statements

December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CERTIFICATES OF DEPOSIT AND CREDIT RISK

Certificates of deposit are reported at cost, plus accrued interest. As of December 31, 2021, Ndoto has one certificate of deposit located at the same bank where most of its cash and cash equivalents are maintained. As of December 31, 2021, the interest rate for the certificate of deposit was .65% and has a maturity date of November 23, 2022. See credit risk disclosure per cash and cash equivalents above.

FOREIGN OPERATIONS

Ndoto's operations are located in Kisumu, Kenya. All account balances relating to foreign operations are reflected in the financial statements in United States Dollars. As of December 31, 2021, assets held in Kenya, consists of a certificate of deposit with a balance of \$26,041. As of December 31, 2021, there were no liabilities related to activities in Kisumu, Kenya.

PROPERTY AND EQUIPMENT, NET

Property and equipment purchased by Ndoto are recorded at cost. Ndoto capitalizes all expenditures for property and equipment over \$1,000 with a useful life in excess of one year. Depreciation is computed on the straight-line mid-month method over the estimated useful life of the asset, ranging from 3 to 5 years. For the years ended December 31, 2021 and 2020, depreciation expense was \$1,235 and \$0, respectively.

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. Ndoto reports conditional grants in which the restriction is met in the same fiscal year as grant revenue without donor restrictions. 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.

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December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PAYCHECK PROTECTION PROGRAM LOAN

During the year ended December 31, 2020, Ndoto received a Paycheck Protection Program loan (PPPL) for \$12,148 through the Small Business Administration (SBA). This loan is eligible for forgiveness based on Ndoto incurring certain qualifying expenses such as eligible payroll and utility costs. Ndoto incurred \$12,148 in qualifying expenses as of December 31, 2020. Based upon the terms established by the SBA, Ndoto estimated it had met the required barriers to qualify for forgiveness. Accordingly, Ndoto had recorded the PPPL as grant funds within its statements of activities for the year ended December 31, 2020. Ndoto received official notice of forgiveness from the SBA on May 17, 2021.

EXPENSES

Expenses are reported when incurred. Ndoto did not incur any advertising expenses during the years ended December 31, 2021 and 2020. 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, 2021 and 2020.

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 statements of financial position date as of:

	December 31,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 461,543	\$ 366,081
Certificates of deposit	50,035	125,453
Financial assets, at year end	<u>511,578</u>	<u>491,534</u>
Less those unavailable for general expenditure within one year, due to:		
Donor restrictions based on purpose or time	<u>(374,823)</u>	<u>(371,051)</u>
Financial assets available to meet general obligations within one year	<u>\$ 136,755</u>	<u>\$ 120,483</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, 2021 and 2020, Ndoto has \$3,232 and \$5,736 of net assets with donor restrictions for various projects that are considered available to meet general expenditures within one year.

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4. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2021	2020
Sponsorships	\$ 374,823	\$ 371,051
Business development projects	2,009	1,076
Visiting missionary	-	2,675
Student emergency	628	1,799
Special designations	595	186
	<u>\$ 378,055</u>	<u>\$ 376,787</u>

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, 2021 and 2020, \$216,336 and \$102,234, respectively, was reported as a grant expense to Ndoto Kenya. As of December 31, 2021 and 2020, Ndoto reported a prepaid expense of \$36,430 and \$67,766 for prepaid grant funds transferred to Ndoto Kenya that will be used by Ndoto Kenya in its upcoming fiscal year.

6. CONCENTRATION OF SUPPORT RISK:

For the years ended December 31, 2021 and 2020, the top 10 givers provided approximately 17% and 24%, respectively, of the support to Ndoto.

7. RISKS AND UNCERTAINTIES:

Ndoto's operations have been affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it has resulted in a material adverse impact on Ndoto's operations. Possible continued effects may include but are not limited to, disruption to program revenue and contributions, as well as a decline in value of assets held by Ndoto. The ongoing financial impact cannot be estimated at this time.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 25, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.