



NDOTO: FOR AFRICA'S FUTURE

Financial Statements  
With Independent Accountants' Compilation  
Report

December 31, 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, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year 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.

### ***Emphasis of Matter***

Ndoto: For Africa's Future has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This has had an effect on the presentation of the December 31, 2018 financial statements.

*Capin Crouse LLP*

Grapevine, Texas  
July 16, 2019

# NDOTO: FOR AFRICA'S FUTURE

## Statement of Financial Position

December 31, 2018

ASSETS:	
Cash	\$ 339,692
Prepays and other assets	<u>55,292</u>
Total Assets	<u>\$ 394,984</u>
LIABILITIES AND NET ASSETS:	
Liabilities:	
Accounts payable	<u>\$ 2,540</u>
Net Assets:	
Without donor restrictions	138,537
With donor restrictions	<u>253,907</u>
	<u>392,444</u>
Total Liabilities and Net Assets	<u>\$ 394,984</u>

See accompanying notes and independent accountants' compilation report

# NDOTO: FOR AFRICA'S FUTURE

## Statement of Activities

Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 156,790	\$ 291,965	\$ 448,755
Other income	1,054	-	1,054
Total Support and Revenue	<u>157,844</u>	<u>291,965</u>	<u>449,809</u>
<b>NET ASSETS RELEASED:</b>			
Purpose restrictions	<u>205,227</u>	<u>(205,227)</u>	<u>-</u>
<b>EXPENSES:</b>			
Program activities:			
Sponsorships	225,623	-	225,623
Visiting missionary	18,372	-	18,372
Development	16,977	-	16,977
Student emergency	8,195	-	8,195
	<u>269,167</u>	<u>-</u>	<u>269,167</u>
Supporting activities:			
General and administrative	46,914	-	46,914
Fundraising	41,737	-	41,737
Total Expenses	<u>357,818</u>	<u>-</u>	<u>357,818</u>
Change in Net Assets	5,253	86,738	91,991
Net Assets, Beginning of Year	<u>133,284</u>	<u>167,169</u>	<u>300,453</u>
Net Assets, End of Year	<u>\$ 138,537</u>	<u>\$ 253,907</u>	<u>\$ 392,444</u>

See accompanying notes and independent accountants' compilation report

# NDOTO: FOR AFRICA'S FUTURE

## Statement of Cash Flows

Year Ended December 31, 2018

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 91,991
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	(2,620)
Accounts payable	(4,248)
Net Cash Provided by Operating Activities	<u>85,123</u>
Net Change in Cash	85,123
Cash, Beginning of Year	<u>254,569</u>
Cash, End of Year	<u><u>\$ 339,692</u></u>

See accompanying notes and independent accountants' compilation report

# NDOTO: FOR AFRICA'S FUTURE

## Notes to Financial Statements

December 31, 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 works with entrepreneurs who have promising business ideas and helps them create a solid business plan and receive small loans to start their own businesses. Ndoto's Kenyan arm also operates its own businesses to create jobs 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.

### 2. SUMMARY OF ACCOUNTING POLICIES:

#### BASIS OF ACCOUNTING

The financial statements of Ndoto have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The more significant accounting policies are summarized below.

#### CASH

Cash consists of checking and money market accounts. These accounts, at times, may exceed federally insured limits. Ndoto has not experienced any losses on such accounts and believes they are not exposed to any significant credit risk. As of December 31, 2018, Ndoto did not have cash balances that exceeded federally insured limits.

# NDOTO: FOR AFRICA'S FUTURE

## Notes to Financial Statements

December 31, 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NET ASSETS

The financial 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 stipulated by donors for specific operating purposes or for the specific programs of NdotO.

#### SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised. NdotO reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the contributed amounts. 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 statement of activities as a satisfaction of purpose restrictions.

Property and other non-cash gifts are recorded at their estimated fair market value on the date of donation, and included in contributions. Usable property, meeting valuation threshold of \$1,000, may also be capitalized at the same estimated fair market value on the date of donation.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized in the statement 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.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. NdotO adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources and disclosures related to the functional allocation of expenses were expanded.



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## Notes to Financial Statements

December 31, 2018

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Ndoto's financial assets as of December 31, 2018, reduced by amounts not available for general expenditure within one year. All financial assets listed below are considered to be convertible to cash within one year.

Financial assets:	
Cash and cash equivalents	\$ 339,692
Investments	2,615
Financial assets, at year-end	<u>342,307</u>
Less those unavailable for general expenditure within one year, due to:	
Donor restrictions based on purpose or time	<u>(236,782)</u>
Total unavailable	<u>(236,782)</u>
Financial assets available to meet general obligations within one year	<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, 2018, Ndoto has \$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 as of December 31, 2018, consist of:

Sponsorships	\$ 236,782
Business development projects	10,925
Special designations	<u>6,200</u>
	<u>\$ 253,907</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 year ended December 31, 2018, \$200,000 was given to Ndoto Kenya.

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## Notes to Financial Statements

December 31, 2018

6. NATURAL CLASSIFICATION OF EXPENSES:

The natural classification of expenses is recorded as follows as of December 31, 2018:

	Program Services				Total Program Services	Supporting Activities		Total Expenses
	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

# **NDOTO: FOR AFRICA'S FUTURE**

## **Notes to Financial Statements**

December 31, 2018

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 16, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.