



NDOTO: FOR AFRICA'S FUTURE

Financial Statements  
With Independent Accountants' Compilation  
Report

December 31, 2020 and 2019

# 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, 2020 and 2019, 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*

Grapevine, Texas  
February 16, 2021

# NDOTO: FOR AFRICA'S FUTURE

## Statements of Financial Position

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash and cash equivalents	\$ 366,081	\$ 223,664
Prepays and other assets	74,794	53,029
Certificates of deposit	<u>125,453</u>	<u>125,651</u>
Total Assets	<u>\$ 566,328</u>	<u>\$ 402,344</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	<u>\$ 97</u>	<u>\$ 1,070</u>
Net Assets:		
Without donor restrictions	189,444	159,954
With donor restrictions	<u>376,787</u>	<u>241,320</u>
	<u>566,231</u>	<u>401,274</u>
Total Liabilities and Net Assets	<u>\$ 566,328</u>	<u>\$ 402,344</u>

See independent accountants' compilation report and notes to financial statements

# NDOTO: FOR AFRICA'S FUTURE

## Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 168,187	\$ 241,139	\$ 409,326	\$ 178,272	\$ 225,779	\$ 404,051
Grant revenue	12,148	-	12,148	-	-	-
Other income	4,077	-	4,077	4,820	-	4,820
Total Support and Revenue	184,412	241,139	425,551	183,092	225,779	408,871
<b>NET ASSETS RELEASED:</b>						
Satisfaction of restrictions	105,672	(105,672)	-	238,366	(238,366)	-
<b>EXPENSES:</b>						
Program services:						
Sponsorships	132,898	-	132,898	253,128	-	253,128
Visiting missionary	9,085	-	9,085	12,203	-	12,203
Development	7,773	-	7,773	27,116	-	27,116
Student emergency	7,097	-	7,097	1,463	-	1,463
	156,853	-	156,853	293,910	-	293,910
Supporting activities:						
General and administrative	51,113	-	51,113	44,039	-	44,039
Fund-raising	52,628	-	52,628	62,092	-	62,092
Total Expenses	260,594	-	260,594	400,041	-	400,041
Change in Net Assets	29,490	135,467	164,957	21,417	(12,587)	8,830
Net Assets, Beginning of Year	159,954	241,320	401,274	138,537	253,907	392,444
Net Assets, End of Year	\$ 189,444	\$ 376,787	\$ 566,231	\$ 159,954	\$ 241,320	\$ 401,274

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
	\$ 132,898	\$ 9,085	\$ 7,773	\$ 7,097	\$ 156,853	\$ 51,113	\$ 52,628	\$ 260,594

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	Fund-raising	
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

See independent accountants' compilation report and notes to financial statements

# NDOTO: FOR AFRICA'S FUTURE

## Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 164,957	\$ 8,830
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Recognition of grant revenue	(12,148)	-
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(21,765)	2,263
Accounts payable	(973)	(1,470)
Net Cash Provided by Operating Activities	130,071	9,623
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from maturities of certificates of deposit	127,532	50,000
Reinvested interest in certificates of deposit	(2,334)	(651)
Purchases of certificates of deposit	(125,000)	(125,000)
Net Cash Provided (Used) by Investing Activities	198	(75,651)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from paycheck protection program loan	12,148	-
Net Cash Provided by Financing Activities	12,148	-
Net Change in Cash	142,417	(66,028)
Cash and Cash Equivalents, Beginning of Year	223,664	289,692
Cash and Cash Equivalents, End of Year	\$ 366,081	\$ 223,664
<b>SUPPLEMENTAL DISCLOSURE:</b>		
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, 2020 and 2019

### 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, 2020 and 2019, approximately \$135,000 and \$68,000 (including certificates of deposit below) was in excess of federally insured limits, respectively.

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## Notes to Financial Statements

December 31, 2020 and 2019

### 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, 2020, the two certificates of deposit are located at the same banks where most of its cash and cash equivalents are maintained. As of December 31, 2020, interest rates range between .70 percent and 1.65 percent and have maturity dates through November 21, 2021. See credit risk disclosure per cash and cash equivalents above.

#### 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. Grant revenue for the year ended December 31, 2020, includes governmental grants for the Paycheck Protection Program. 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.

#### 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 estimates it has met the required barriers to qualify for forgiveness. Accordingly, NdotO has recorded the PPPL as grant funds within its statements of activities for the year ended December 31, 2020. NdotO will apply for formal loan forgiveness when able to do so.

#### EXPENSES

Expenses are reported when incurred. NdotO did not incur any advertising expenses during the years ended December 31, 2020 and 2019. 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, 2020 and 2019.

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## Notes to Financial Statements

December 31, 2020 and 2019

### 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 of:

	December 31,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 366,081	\$ 223,664
Certificates of deposit	125,453	125,651
Investments	-	1
Financial assets, at year end	<u>491,534</u>	<u>349,316</u>
Less those unavailable for general expenditure within one year, due to:		
Donor restrictions based on purpose or time	<u>(371,051)</u>	<u>(240,670)</u>
Financial assets available to meet general obligations within one year	<u>\$ 120,483</u>	<u>\$ 108,646</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, 2020 and 2019, Ndoto has \$5,736 and \$650 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,	
	2020	2019
Sponsorships	\$ 371,051	\$ 240,670
Business development projects	1,076	175
Visiting missionary	2,675	-
Student emergency	1,799	-
Special designations	186	475
	<u>\$ 376,787</u>	<u>\$ 241,320</u>

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

## **Notes to Financial Statements**

December 31, 2020 and 2019

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, 2020 and 2019, \$102,234 and \$236,803, respectively, was reported as a grant expense to Ndoto Kenya. As of December 31, 2020, Ndoto reported a prepaid expense of \$67,766 for prepaid grant funds transferred to Ndoto Kenya during 2020 that will be used by Ndoto Kenya during 2021.

6. CONCENTRATION OF SUPPORT RISK:

For the years ended December 31, 2020 and 2019, the top 10 givers provided approximately 24% and 22%, 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 February 16, 2021, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.