

**KENYA EDUCATION FUND, INC.**

Financial Statements and  
Independent Auditor's Report

As of and for the Year Ended December 31, 2022  
With Summarized Comparative Information for 2021



Certified  
Public  
Accountants

**KENYA EDUCATION FUND, INC.**  
As of and for the Year Ended December 31, 2022  
With Summarized Comparative Information for 2021

*Table of Contents*

	<i>Page</i>
<b>Independent Auditor’s Report</b> .....	1
<b>Financial Statements:</b>	
Statements of Financial Position .....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7



## Independent Auditor's Report

To the Board of Directors  
Kenya Education Fund, Inc.  
New York, New York

### Opinion

We have audited the accompanying financial statements of Kenya Education Fund, Inc. (the "Fund"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

The Fund's 2021 financial statements were audited by other auditors whose report dated November 14, 2022, expressed an unmodified opinion on these statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Macias Gini & O'Connell LLP*

Melville, New York

October 23, 2023

**KENYA EDUCATION FUND, INC.**  
 Statements of Financial Position  
 As of December 31, 2022  
 With Summarized Comparative Information for 2021

	<b>2022</b>	2021
<b>Assets</b>		
Cash and cash equivalents	\$ <b>1,588,300</b>	\$ 1,044,430
Contributions receivable, net of allowance for doubtful accounts of \$9,050 and \$8,805 as of 2022 and 2021, respectively	<b>591,867</b>	253,805
Total assets	<b>\$ 2,180,167</b>	\$ 1,298,235
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accrued expenses	\$ <b>22,000</b>	\$ 17,401
Long-term liabilities:		
Paycheck Protection Program loan	-	19,427
Total liabilities	<b>22,000</b>	36,828
Net assets:		
Without donor restrictions - not designated	<b>1,034,109</b>	873,008
Without donor restrictions - designated	<b>333,053</b>	-
With donor restrictions	<b>791,005</b>	388,399
Total net assets	<b>2,158,167</b>	1,261,407
Total liabilities and net assets	<b>\$ 2,180,167</b>	\$ 1,298,235

See notes to financial statements.

**KENYA EDUCATION FUND, INC.**  
 Statements of Activities  
 For the Year Ended December 31, 2022  
 With Summarized Comparative Information for 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and other support:				
Contributions of cash and other financial assets	\$ 842,912	\$ 629,105	\$ 1,472,017	\$ 863,372
Contributions of nonfinancial assets	27,000	-	27,000	-
Paycheck Protection Program loan forgiveness income	19,427	-	19,427	19,644
Special events, net	38,840	-	38,840	-
Interest	10,026	-	10,026	6,978
Net assets released from donor restrictions	226,499	(226,499)	-	-
Total revenues and other support	<b>1,164,704</b>	<b>402,606</b>	<b>1,567,310</b>	889,994
Expenses:				
Program services	565,074	-	565,074	495,523
Management and general	88,420	-	88,420	42,847
Fund raising	17,056	-	17,056	46,075
Total expenses	<b>670,550</b>	-	<b>670,550</b>	584,445
Change in net assets	<b>494,154</b>	<b>402,606</b>	<b>896,760</b>	305,549
Net assets, beginning of year	<b>873,008</b>	<b>388,399</b>	<b>1,261,407</b>	955,858
Net assets, end of year	<b>\$ 1,367,162</b>	<b>\$ 791,005</b>	<b>\$ 2,158,167</b>	<b>\$ 1,261,407</b>

See notes to financial statements.

**KENYA EDUCATION FUND, INC.**  
 Statements of Functional Expenses  
 For the Year Ended December 31, 2022  
 With Summarized Comparative Information for 2021

	<b>2022</b>				2021
	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>	Total
		<b>Management and General</b>	<b>Fund Raising</b>		
Grants	\$ 544,382	\$ -	\$ -	\$ 544,382	\$ 440,573
Salaries	14,693	2,939	11,754	29,386	90,956
Payroll taxes	1,124	225	899	2,248	6,958
Employee benefits	401	80	320	801	587
Professional fees	-	53,600	-	53,600	28,046
In-kind services	-	27,000	-	27,000	-
Office	4,275	2,181	2,268	8,724	10,452
Auto expense	-	-	269	269	258
Marketing	-	-	871	871	3,091
Insurance	-	2,384	125	2,509	2,424
Travel and meals	199	11	25	235	681
Filing fees	-	-	525	525	419
<b>Total</b>	<b>\$ 565,074</b>	<b>\$ 88,420</b>	<b>\$ 17,056</b>	<b>\$ 670,550</b>	<b>\$ 584,445</b>

See notes to financial statements.

**KENYA EDUCATION FUND, INC.**  
 Statements of Cash Flows  
 For the Year Ended December 31, 2022  
 With Summarized Comparative Information for 2021

	<b>2022</b>	2021
Cash flows from operating activities:		
Change in net assets	<b>\$ 896,760</b>	\$ 305,549
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	<b>245</b>	-
Paycheck Protection Program loan forgiveness income	<b>(19,427)</b>	(19,644)
Changes in operating assets and liabilities:		
Contributions receivable	<b>(338,307)</b>	(55,449)
Accrued liabilities	<b>4,599</b>	(455)
Net cash provided by operating activities	<b>543,870</b>	230,001
Financing activities:		
Proceeds from Paycheck Protection Program loan	-	19,427
Net increase in cash and cash equivalents	<b>543,870</b>	249,428
Cash, beginning of year	<b>1,044,430</b>	795,002
Cash, end of year	<b>\$ 1,588,300</b>	\$ 1,044,430
Supplemental disclosures of cash flow information:		
Non-cash operating activities:		
Net change in net present value receivable adjustment	<b>\$ 34,976</b>	\$ 2,090

See notes to financial statements.



**KENYA EDUCATION FUND, INC.**  
Notes to Financial Statements  
As of and for the Year Ended December 31, 2022  
With Summarized Comparative Information for 2021

**NOTE 1 – NATURE OF FUND**

Effective January 1, 2011, The Kenya Education Fund, Ltd. merged with the Nomadic Kenyan Children’s Educational Fund, Inc. The merger was approved by the Internal Revenue Service (“IRS”). The entities combined into one entity in order to provide for, among other things, greater efficiency in their combined administration and operations, thereby enhancing their combined program delivery. The Nomadic Kenyan Children’s Educational Fund, Inc., established as a charitable trust in 2001, is the continuing entity. This new entity subsequently changed its name to Kenya Education Fund, Inc. The new Kenya Education Fund, Inc. (the “Fund”) is a not-for-profit organization incorporated in the Commonwealth of Virginia.

The purpose of the Fund is to devote and apply its income to charitable and educational purposes including, but not limited to, sponsoring the education of Kenyan students in local secondary schools and guaranteeing their school fees will be provided through their first year of post-secondary schooling (i.e., technical school or university studies). The Fund will continue funding the education of nomadic Kenyan high school students and help prepare selected primary school students for high school and beyond.

The Fund is promoting public awareness of the needs of disadvantaged Kenyan children.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Fund are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

**Revenue Recognition**

The Fund recognizes in accordance with Accounting Standards Codification (“ASC”) Topic 606 “Revenue from Contracts with Customers, as amended” (“ASC Topic 606”).

The Fund determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a donor
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, a performance obligation is satisfied

The Fund has made the following accounting policy elections and elected to use certain practical expedients, as permitted by the Financial Accounting Standards Board (“FASB”), in applying ASC Topic 606: 1) All revenues are recorded net of any allowance for uncollectible amounts.

The Fund recognizes revenue from fundraising events and other contributions in the period amounts are received or promised. Contributions and grants are considered to be without donor restrictions unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Special event income is recognized when, or as, performance obligations are satisfied by transferring control of a promised product or service to a donor.

**KENYA EDUCATION FUND, INC.**  
Notes to Financial Statements (Continued)  
As of and for the Year Ended December 31, 2022  
With Summarized Comparative Information for 2021

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Allocation of Expenses**

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Fund are reported as expenses of those functional areas. A portion of General and Administrative costs that benefit multiple functional areas (indirect costs) have been allocated across Programs and Supporting Services.

**Cash and Cash Equivalents**

The Fund considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance limit.

**Liquidity and Availability of Resources**

The Fund has approximately \$1,802,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$1,588,300, and contributions receivable due in less than one year of \$214,850. Of these, \$791,005 are subject to donor restrictions. In addition, management has designated an additional \$333,053 of unrestricted funds for a special purpose. Management has a goal to maintain financial assets, which consist of cash, contributions receivable, and other assets, to meet student school fees for all active students. Beginning with the 2023 class, the Fund will maintain a goal to meet student school fees through their first year of post-secondary school (i.e., university or technical school), which totals approximately \$791,000 through 2027.

**Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

**Allowance for Doubtful Accounts**

The Fund’s contributions receivable are presented on the statements of financial position net of the allowance for doubtful accounts, if required. The allowance is determined by a variety of factors, including the age of the receivables, current economic conditions, historical losses and other information management obtains regarding the financial condition of donors. The policy for determining the past due status of receivables is based on how recently payments have been received. Receivables are charged off when they are deemed uncollectible, which may arise when donors file for bankruptcy or are otherwise deemed unable to repay the amounts owed to the Fund. The allowance for doubtful accounts was \$9,050 and \$8,805 as of December 31, 2022, and 2021, respectively.

**Volunteers and Donated Services**

Several volunteers have donated their time and services to the Fund’s activities and fundraising efforts. No amounts have been reflected in the financial statements as such services do not meet the criteria for recognition. One volunteer donated accounting services in the amount of \$27,000. Refer to note 7 for more information.

**KENYA EDUCATION FUND, INC.**  
Notes to Financial Statements (Continued)  
As of and for the Year Ended December 31, 2022  
With Summarized Comparative Information for 2021

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The Fund qualifies as a tax-exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and as a not-for-profit corporation under the laws of the state of Virginia. Accordingly, no provision for federal or state income taxes is required. The IRS has determined that the Fund is a qualified charitable organization to which contributions are eligible for deduction by individual donors as described under Section 170 of the IRC. The Fund has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**Advertising and Promotional Expenses**

Advertising and promotional costs are expensed as incurred and totaled \$871 and \$3,091 for the years ended December 31, 2022, and 2021, respectively.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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.

**Fair Value of Financial Instruments**

The Foundation uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

*Accrued expenses* - The carrying value of accrued expenses approximates fair value due to the short-term nature of the obligations.

*Paycheck Protection Program loan* - The carrying amount approximates fair value because of the maturity of those instruments and interest rates prevalent in the agreements. The carrying amount is prevalent to the agreement of the loan.

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. In 2022, the Board allowed management to designate a portion of these unrestricted net assets, \$333,053, for a specific purpose to honor the legacy of the Fund’s late founder and Executive Director, Bradley Broder. The net assets that are classified as designated are unavailable for any other use by management. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. The Fund’s net assets without donor restrictions are composed of undesignated amounts.

**KENYA EDUCATION FUND, INC.**  
Notes to Financial Statements (Continued)  
As of and for the Year Ended December 31, 2022  
With Summarized Comparative Information for 2021

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or specific purpose restrictions.

The Fund reports gifts of cash and other assets as revenue with donor restrictions 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, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities and changes in net assets as net assets released from restrictions.

See Note 4 for more information on the composition of net assets with donor restrictions.

**Recently Adopted Accounting Pronouncements**

In September 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-07, Presentation and Disclosures by *Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity’s policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The standard did not have a material impact on the financial statements. The Organization has updated disclosures as necessary (see Note 7 – In-Kind Contributions).

**NOTE 3 – CONTRIBUTIONS RECEIVABLE**

Included in contributions receivable are the following unconditional promises to give as of December 31:

	<u>2022</u>	<u>2021</u>
Amounts due in less than one year	\$ 214,850	\$ 118,960
Amounts due in one to four years	<u>426,822</u>	<u>149,429</u>
	<u>641,672</u>	<u>268,389</u>
Less: allowance for doubtful contributions	(9,050)	(8,805)
Less: discount to present value	<u>(40,755)</u>	<u>(5,779)</u>
	<u>(49,805)</u>	<u>(14,584)</u>
Total contributions receivable	<u>\$ 591,867</u>	<u>\$ 253,805</u>

Contributions receivable have been discounted over the payment period using a discount rate of 3.99% and 1.39% at December 31, 2022 and 2021, respectively.

**KENYA EDUCATION FUND, INC.**  
Notes to Financial Statements (Continued)  
As of and for the Year Ended December 31, 2022  
With Summarized Comparative Information for 2021

**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following periods:

Year Ended December 31,	2022	2021
2022	\$ -	\$ 162,250
2023	<b>261,505</b>	136,250
2024	<b>225,000</b>	89,899
2025	<b>130,500</b>	-
2026	<b>87,000</b>	-
Thereafter	<b>87,000</b>	-
	<b>\$ 791,005</b>	<b>\$ 388,399</b>

For the years ended December 31, 2022 and 2021, approximately \$791,005 and \$378,000, respectively, of these net assets with donor restrictions are restricted for student tuitions.

**NOTE 5 – LOANS PAYABLE**

**Paycheck Protection Program Loan**

In April 2020, the Fund applied for and received a loan in the amount of \$19,643 pursuant to the Paycheck Protection Program (“PPP”) administered by the Small Business Association (“SBA”) through its bank. The Fund received full forgiveness on the loan by the SBA on March 17, 2021 and recorded the forgiveness of the loan within revenue and other support in the statement of activities for the year ended December 31, 2021.

In February 2021, the Fund applied for and received a loan in the amount of \$19,427 pursuant to the PPP administered by the SBA through its bank. The loan bears interest at 1% per annum, matures in February 2026 and contains no collateral or guarantee requirements. In March 2022, the Fund applied for and received full forgiveness of the PPP loan.

**NOTE 6 – RELATED PARTY**

The Fund maintains accounts at a bank at which one member of the Board of Directors of the Fund is an officer.

For the years ended December 31, 2022 and 2021, the Fund’s grant disbursements aggregated \$544,382 and \$440,573, respectively, to a Kenyan non-governmental organization (“NGO”), related through common board members of the Fund and NGO.

For the years ended December 31, 2022 and 2021, board members contributed \$45,787 and \$53,159, respectively, to the Fund. At December 31, 2022 and 2021, contributions receivable from board members totaled \$127,400 and \$12,000, respectively.

**KENYA EDUCATION FUND, INC.**  
Notes to Financial Statements (Continued)  
As of and for the Year Ended December 31, 2022  
With Summarized Comparative Information for 2021

**NOTE 7 – IN-KIND CONTRIBUTIONS**

The Fund received donated professional services as follows during the year ended December 31, 2022:

	<b>2022</b>			
	<b>Supporting Services</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
Accounting services	\$ -	\$ 27,000	\$ -	\$ 27,000

**NOTE 8 – SUBSEQUENT EVENTS**

The Fund has evaluated subsequent events for recognition or disclosure through the date these financial statements were available to be issued, October 23, 2023. In May 2023, the Board unanimously adopted a resolution to fund the purchase by the Kenyan NGO of the facilities currently occupied by the NGO as their Kenyan headquarters. The funds will come from the designated unrestricted funds donated in memory of Bradley Broder. The space will be named as the “Bradley Broder House.”