**NYAKA, INC.**

**REPORT ON FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

Maner
Costerisan

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nyaka, Inc.

## Opinion

We have audited the accompanying financial statements of Nyaka, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nyaka, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the Unites States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Nyaka, Inc. 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 these financial statements in accordance with accounting principles generally accepted in the Unites States of America; this includes 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 Nyaka, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Nyaka, Inc.'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 Nyaka, Inc.'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.

Maner Costerisan PC

May 2, 2023

# NYAKA, INC.
## STATEMENTS OF FINANCIAL POSITION
## DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | $ 193,793 | $ 469,877 |
| Contributions receivable | 8,113 | 16,496 |
| Employee retention credit receivable | - | 36,509 |
| Employee advances | - | 10,000 |
| Promises to give | 10,770 | 10,770 |
| Note receivable | 470,000 | |
| Investments | 118,093 | 139,741 |
| Prepaid expenses | 10,493 | - |
| Inventory | 23,021 | 41,298 |
| Total current assets | 834,283 | 724,691 |
| Long-term assets | | |
| Property and equipment, net of accumulated depreciation | 221,103 | 2,571 |
| Note receivable | - | 500,000 |
| Accrued interest receivable | 78,403 | 36,115 |
| Beneficial interest in assets held by Capital Region Community Foundation | 16,463 | 19,640 |
| Total long-term assets | 315,969 | 558,326 |
| TOTAL ASSETS | $ 1,150,252 | $ 1,283,017 |
| LIABILITES AND NET ASSETS | | |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | $ 12,694 | $ 12,227 |
| Accrued payroll | 14,624 | 6,527 |
| Current portion of long-term debt | 4,733 | 1,000 |
| Total current liabilities | 32,051 | 19,754 |
| Long term debt | 159,382 | - |
| TOTAL LIABILITIES | 191,433 | 19,754 |
| NET ASSETS | | |
| Without donor restrictions | | |
| Designated | 16,468 | 55,408 |
| Undesignated | 843,638 | 1,167,495 |
| With donor restrictions | 98,713 | 40,360 |
| TOTAL NET ASSETS | 958,819 | 1,263,263 |
| TOTAL LIABILITIES AND NET ASSETS | $ 1,150,252 | $ 1,283,017 |

See notes to financial statements.

**NYAKA, INC.**
**STATEMENT OF ACTIVITIES**
**YEAR ENDED DECEMBER 31, 2022**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| REVENUE AND SUPPORT | | | |
| Contributions of cash and other financial assets | $ 1,379,981 | $ 376,244 | $ 1,756,225 |
| Contributions of nonfinancial assets | 133,434 | - | 133,434 |
| Investment return, net | 47,940 | - | 47,940 |
| Net assets released from restrictions | 317,891 | (317,891) | - |
| TOTAL REVENUE AND SUPPORT | 1,879,246 | 58,353 | 1,937,599 |
| EXPENSES | | | |
| Program services | 1,727,459 | - | 1,727,459 |
| Fundraising | 334,704 | - | 334,704 |
| Management and general | 179,880 | - | 179,880 |
| TOTAL EXPENSES | 2,242,043 | - | 2,242,043 |
| CHANGE IN NET ASSETS | (362,797) | 58,353 | (304,444) |
| NET ASSETS, beginning of year | 1,222,903 | 40,360 | 1,263,263 |
| NET ASSETS, end of year | $ 860,106 | $ 98,713 | $ 958,819 |

See notes to financial statements.

**NYAKA, INC.**
**STATEMENT OF ACTIVITIES**
**YEAR ENDED DECEMBER 31, 2021**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| REVENUE AND SUPPORT | | | |
| Contributions of cash and other financial assets | $ 1,457,361 | $ 179,256 | $ 1,636,617 |
| Investment return, net | 61,441 | - | 61,441 |
| Government covid relief funds | 267,557 | - | 267,557 |
| Net assets released from restrictions | 326,190 | (326,190) | - |
| TOTAL REVENUE AND SUPPORT | 2,112,549 | (146,934) | 1,965,615 |
| EXPENSES | | | |
| Program services | 1,321,835 | - | 1,321,835 |
| Fundraising | 275,399 | - | 275,399 |
| Management and general | 158,947 | - | 158,947 |
| TOTAL EXPENSES | 1,756,181 | - | 1,756,181 |
| CHANGE IN NET ASSETS | 356,368 | (146,934) | 209,434 |
| NET ASSETS, beginning of year | 866,535 | 187,294 | 1,053,829 |
| NET ASSETS, end of year | $ 1,222,903 | $ 40,360 | $ 1,263,263 |

See notes to financial statements.

**NYAKA, INC.**
**STATEMENT OF FUNCTIONAL EXPENSES**
**YEAR ENDED DECEMBER 31, 2022**

| | Program Services | Supporting Services | | |
|---|---|---|---|---|
| | Nyaka School | Fundraising | Management and General | Total Expenses |
| Program expenses | $ 994,737 | $ - | $ - | $ 994,737 |
| Salaries | 347,012 | 72,378 | 63,132 | 482,522 |
| Payroll taxes | 27,344 | 5,697 | 4,937 | 37,978 |
| Employee benefits | 12,595 | 2,624 | 2,274 | 17,493 |
| Professional fees | - | 191,356 | 69,397 | 260,753 |
| Travel and meals | 55,104 | 21,430 | - | 76,534 |
| Supplies | 24,650 | 5,135 | 4,451 | 34,236 |
| Insurance | 51,359 | 10,700 | 9,273 | 71,332 |
| Technology | 38,910 | 8,106 | 7,025 | 54,041 |
| Finance fees | - | 8,463 | 8,463 | 16,926 |
| Rent | 9,380 | 1,954 | 1,694 | 13,028 |
| Miscellaneous | 12,145 | 2,530 | 2,193 | 16,868 |
| Contributions of non-financial assets | 133,434 | - | - | 133,434 |
| Advertising | 12,526 | 2,610 | 2,261 | 17,397 |
| Telephone | 4,965 | 1,034 | 897 | 6,896 |
| Repairs and maintenance | 3,298 | 687 | 596 | 4,581 |
| Depreciation | - | - | 3,287 | 3,287 |
| TOTAL EXPENSES | $ 1,727,459 | $ 334,704 | $ 179,880 | $ 2,242,043 |

See notes to financial statements.

## NYAKA, INC.
## STATEMENT OF FUNCTIONAL EXPENSES
## YEAR ENDED DECEMBER 31, 2021

| | Program Services | Supporting Services | | |
|---|---|---|---|---|
| | Nyaka School | Fundraising | Management and General | Total Expenses |
| Program expenses | $ 799,578 | $ - | $ - | $ 799,578 |
| Salaries | 334,926 | 69,219 | 57,312 | 461,457 |
| Payroll taxes | 28,395 | 5,835 | 4,667 | 38,897 |
| Employee benefits | 7,526 | 1,547 | 1,237 | 10,310 |
| Professional fees | 33 | 151,531 | 67,410 | 218,974 |
| Travel and meals | 41,838 | 15,474 | - | 57,312 |
| Supplies | 14,304 | 2,939 | 2,352 | 19,595 |
| Insurance | 37,386 | 7,682 | 6,146 | 51,214 |
| Technology | 30,562 | 6,280 | 5,024 | 41,866 |
| Finance fees | - | 9,284 | 9,284 | 18,568 |
| Rent | 9,607 | 1,974 | 1,579 | 13,160 |
| Miscellaneous | 5,458 | 1,122 | 897 | 7,477 |
| Advertising | 7,153 | 1,470 | 1,175 | 9,798 |
| Telephone | 5,069 | 1,042 | 833 | 6,944 |
| Depreciation | - | - | 1,031 | 1,031 |
| TOTAL EXPENSES | $ 1,321,835 | $ 275,399 | $ 158,947 | $ 1,756,181 |

See notes to financial statements.

**NYAKA, INC.**
**STATEMENTS OF CASH FLOWS**
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

| | 2022 | 2021 |
|---|---|---|
| INCREASE (DECREASE) IN CASH | | |
| AND CASH EQUIVALENTS | | |
| Cash flows from operating activities | | |
| Change in net assets | $ (304,444) | $ 209,434 |
| Adjustments to reconcile change in net assets to net | | |
| cash provided (used) by operating activities | | |
| Depreciation | 3,287 | 1,031 |
| Payroll protection program loan forgiveness | - | (80,750) |
| Forgiveness of promissory note | (1,000) | - |
| Realized and unrealized (gain) loss on investments | 6,670 | (7,676) |
| Contributions receivable | 8,383 | 14,346 |
| Grants receivable | 36,509 | (36,509) |
| Employee advances | 10,000 | (10,000) |
| Accrued interest receivable | (42,288) | (36,115) |
| Promises to give | - | 250 |
| Prepaid expenses | (10,493) | - |
| Inventory | 18,277 | (40,958) |
| Accounts payable | 467 | 7,553 |
| Accrued payroll | 8,097 | (11,740) |
| Total adjustments | 37,909 | (200,568) |
| Net cash provided (used) by operating activities | (266,535) | 8,866 |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (221,819) | (1,786) |
| Change in beneficial interest in assets | | |
| held by community foundation | 3,177 | (2,504) |
| Issuance of note receivable | - | (500,000) |
| Proceeds from note receivable | 30,000 | - |
| Proceeds from sale of investments | 29,093 | - |
| Purchase of investments | (14,115) | (28,901) |
| Net cash provided (used) by investing activities | (173,664) | (533,191) |
| Cash flows from financing activities | | |
| Proceeds from long-term debt | 165,600 | - |
| Payments on long-term debt | (1,485) | - |
| Net provided (used) cash used by financing activities | 164,115 | - |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (276,084) | (524,325) |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | 469,877 | 994,202 |
| End of year | $ 193,793 | $ 469,877 |

See notes to financial statements.

## NOTE 1 - NATURE OF ORGANIZATION, RISKS, AND UNCERTAINTIES

The Nyaka, Inc. is a not-for-profit corporation working on behalf of HIV/AIDS orphans in rural Uganda to end systemic deprivation, poverty and hunger through a holistic approach to community development, education, and healthcare. The Nyaka, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, investments, and receivables. The Organization places its cash and cash equivalents with FDIC insured financial institutions. Although such cash may exceed the federally insured limits at certain times during the year, they are in the opinion of management subject to minimal risk. Investments represent diversified holdings of common stock. Concentration of credit risk with respect to receivables is limited by the Organization which has established polices for extending credit based upon factors surrounding the credit risk of specific customers, historical trends and other information.

The Organization’s revenue comes primarily from contributions from individuals and foundations. Individual entities contributing amounts in excess of 10% of total revenues are considered to be major contributors. In 2022, the Organization had two major contributors totaling approximately 37% of total contribution revenue. In 2021, the Organization had one major contributor totaling approximately 30% of total contribution revenue.

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services based on management estimates.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

The Organization evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through May 2, 2023, which is the date the financial statements were available to be issued.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Nyaka, Inc. ("Organization") are presented on the accrual basis of accounting.

### Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents and liquid assets maturing no more than three months from the date of purchase are considered cash and cash equivalents.

### Contributions Receivable

The Organization's contributions receivable are comprised primarily of contributions expected to be received from local sources and collected within one year. The Organization provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of receivable accounts. Based on management's estimate, no allowance for bad debts was necessary for the years ended December 31, 2022 and 2021.

### Promises to Give

Unconditional promises to give are recorded at net realizable value when the promise is made. The Organization considers all promises to give at December 31, 2022 and 2021 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

### Inventory

Inventory consists of baskets, handbags and books and is valued at the lower of cost (first-in, first-out) or net realizable value.

### Investments

Investments consist of equity securities and money market funds incidental to the investing process. These investments are recorded at fair value. Gains and losses resulting from the sale of securities are determined on the average cost basis. Net investment return or loss is included in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

### Property and Equipment

Purchased assets having a cost greater than $500 are capitalized at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Cost of repairs and maintenance are charged to expense when incurred.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* - Net assets available for use in general operations and not subject to donor or grantor restrictions. The Organization has designated, from net assets without donor restrictions, net assets for the endowment. Net assets without donor restrictions as of December 31 consist of the following:

| | 2022 | 2021 |
|---|---|---|
| Undesignated | $ 843,638 | $ 1,167,495 |
| Designated for endowment | 16,468 | 55,408 |
| Total net assets without donor restrictions | $ 860,106 | $ 1,222,903 |

*Net Assets with Donor Restrictions* - Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulation time has elapsed, or when the stipulated purpose has been accomplished.

Contribution Revenue

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contribution Revenue (continued)

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as conduct of services undertaken to support those activities to be general expenditures.

The following reflects the Organization's financial assets as of December 31, 2022 and 2021 respectively, which are deemed available for general expenditures within one year of the date of the statement of financial position. Amounts not available include board designations set aside for scholarship, research, repairs and maintenance, capital improvement and other funds.

| | 2022 | 2021 |
|---|---|---|
| Total current assets at year-end | $ 834,283 | $ 724,691 |
| Less non-liquid assets | | |
| Inventory | (23,021) | (41,298) |
| Prepaid expenses | (10,493) | - |
| Less donor-restricted net assets | (98,713) | (40,360) |
| Less board-designated net assets | | |
| Investments | (5) | (35,768) |
| Financial assets available to meet cash needs for general expenditures within one year | $ 702,051 | $ 607,265 |

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures. While the Organization's governing board has designated a portion of its non-restricted resources as noted above, these funds remain available and may be spent at the discretion of the board.

## NOTE 4 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

*Beneficial Interest in Assets Held by Capital Region Community Foundation:* The Capital Region Community Foundation (CRCF) acts under an arrangement as a depository for gifts, conveyances, and other transfers intended to assist the Organization in achieving its goals and purposes. The beneficial interest held at CRCF was determined by CRCF based upon the Organization's allocable share in the market value of the underlying investments made by CRCF as reported to CRCF by a third-party trustee from published market quotes. The beneficial interest is considered a level 2 investment under current fair value measurement standards.

*Common Stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.

*Limited Partnership*: The limited partnership currently operates in the real estate industry. This investment is valued based upon the Organization's ownership interest in the partnership's net assets. The value of net assets is based on the underlying assets and liabilities of the limited partnership. This investment seeks to generate capital appreciation. To the extent that the inputs are observable and timely, the value of this security is categorized as Level 2.

**NOTE 4 - FAIR VALUE MEASUREMENTS (continued)**

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a market value summary by the level of the inputs used in evaluating the Organization's assets carried at fair value at December 31, 2022 and 2021. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

| | 2022 | 2021 |
|---|---|---|
| Level 1 | | |
| Common stock | $ - | $ 21,804 |
| Level 2 | | |
| Limited partnership | 118,088 | 103,973 |
| Money market funds (recorded at cost) | 5 | 13,964 |
| Total investments | $ 118,093 | $ 139,741 |
| Level 2 | | |
| Beneficial interest in assets held by Capital Region Community Foundation | $ 16,463 | $ 19,640 |

Investment return, net consists of the following for the years ended December 31:

| | 2022 | 2021 |
|---|---|---|
| Interest and dividends, net | $ 15,499 | $ 15,146 |
| Realized and unrealized gain (loss) | (6,670) | 7,676 |
| Change in beneficial interest in assets held by community foundation | (3,177) | 2,504 |
| Note receivable interest | 42,288 | 36,115 |
| Total investment return, net | $ 47,940 | $ 61,441 |

## NOTE 5 - PROMISES TO GIVE

Promises to give consist of the following at December 31:

| | 2022 | 2021 |
|---|---|---|
| Promises to give before unamortized discount | $ 10,770 | $ 10,770 |
| Amounts due in: | | |
| Less than 1 year | $ 10,770 | $ 10,770 |

Promises to give greater than one year were not discounted as management believes the amount to be insignificant. Management has determined that all promises to give are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary.

## NOTE 6 - NOTE RECEIVABLE

The Organization is required to disclose the nature of credit risk inherent to financing receivables, its analysis and assessment in arriving at the allowance for credit losses (doubtful accounts), and the changes and reasons for those changes in the allowance for credit losses.

Financing receivables as of December 31, 2022 and 2021, consist of the following:

| | 2022 | 2021 |
|---|---|---|
| Note receivable - Interest is accrued at a fixed rate of 8.5%. Payments of interest are due monthly. All unpaid principal and interest is due February 2023. The note is unsecured. | $ 470,000 | $ 500,000 |
| Less current portion | (470,000) | - |
| Long-term portion | $ - | $ 500,000 |

Notes receivables are carried at unpaid principal balances, less an allowance for doubtful collection. Management periodically evaluates the adequacy of the allowance based on past experience and potential adverse situations that may affect the borrower's ability to repay. It is management's policy to write off a loan only when they are deemed to be permanently uncollectible. As of December 31, 2022 and 2021, there were no amounts past due. Management believes that no allowance is considered necessary. The collection status of the note receivable at December 31, 2022 and 2021 is current.

**NOTE 7 - PROPERTY AND EQUIPMENT**

Major classes of property and equipment at December 31, 2022 and 2021, consist of the following:

| | Estimated Useful Life | 2022 | 2021 |
|---|---|---|---|
| Computer equipment | 5 years | $ 22,200 | $ 17,235 |
| Buildings | 40 years | 137,143 | - |
| Land | | 79,400 | - |
| | | 238,743 | 17,235 |
| Less accumulated depreciation | | (17,640) | (14,664) |
| | | $ 221,103 | $ 2,571 |

**NOTE 8 - LONG-TERM DEBT**

Long-term debt consist of the following at December 31, 2022 and 2021:

| | 2022 | 2021 |
|---|---|---|
| Promissory note - received proceeds on an unsecured loan from the Gianturco Family Foundation for $1,000 on December 11, 2017. The loan bears interest rate at 0% and is due on demand. The loan was forgiven during 2022 by the note holder. | $ - | $ 1,000 |
| Promissory note - originated August 2022 for $165,600 with Chase Bank, due in monthly installments of principal and interest equal to $1,147, interest is fixed at 5.5%, the note matures August 2032 and is secured by property of the Organization. | 164,115 | - |
| Total | 164,115 | 1,000 |
| Less current portion | 4,733 | 1,000 |
| Long-term debt | $ 159,382 | $ - |

**NOTE 8 - NOTES PAYABLE (continued)**

Total maturities of long-term debt are as follows:

| Year Ending December 31, | | |
|---|---|---|
| 2023 | $ | 4,733 |
| 2024 | | 4,979 |
| 2025 | | 5,289 |
| 2026 | | 5,591 |
| 2027 | | 5,911 |
| Thereafter | | 137,612 |
| | $ | 164,115 |

**NOTE 9 - GOVERNMENT COVID RELIEF FUNDS**

The Organization received a paycheck protection program (PPP) loan in April 2020 for an aggregate principal amount of $80,750. The PPP program was implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The principal amount of the loan is subject to forgiveness under the program upon the Organization's request to the extent that the PPP loan proceeds are used to pay expenses permitted by the program, including payroll costs, covered rent, and mortgage obligations, and covered utility payments incurred by the Organization. The Organization met the condition as outlined under the loan for eligible expenses during the covered period and received forgiveness during 2021. As a result, the Organization recognized the funds as revenue for the year ended December 31, 2021.

In January 2021, the Organization qualified for and received a second loan pursuant to the Paycheck Protection Program in the amount of $91,970. The Organization met the conditions for forgiveness as outlined under the loan for eligible expenses during the covered period and received forgiveness in 2021. As a result, the Organization recognized the proceeds as revenue for the year ended December 31, 2021.

On March 27, 2020, in an effort to mitigate the economic impact of the COVID pandemic, the U.S. Congress enacted the CARES Act which was amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The government relief funds contain provisions for the deferral of the employer portion of social security taxes and an employee retention credit, a refundable payroll credit for 50% of wages and health benefits paid to employees. As a result of the CARES Act, the Organization claimed $94,837 and recognized it as income on the statement of activities for the year ended December 31, 2021.

## NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 were available for the following purposes:

| | 2021 | Inflows | Outflows | 2022 |
|---|---|---|---|---|
| Education program | $ - | $ 58,353 | $ - | $ 58,353 |
| General operations | 10,770 | - | - | 10,770 |
| Grandmother project | - | 225,091 | 225,091 | - |
| Sponsor a student | - | 88,768 | 88,768 | - |
| Sustainability project | 8,140 | - | - | 8,140 |
| Janet Kaguri Scholarship | 7,850 | - | - | 7,850 |
| SGBV | - | 4,032 | 4,032 | - |
| Microfinance | 13,600 | - | - | 13,600 |
| Total net assets with donor restrictions | $ 40,360 | $ 376,244 | $ 317,891 | $ 98,713 |

Net assets with donor restrictions as of December 31, 2021 were available for the following purposes:

| | 2020 | Inflows | Outflows | 2021 |
|---|---|---|---|---|
| Construction of secondary school in Uganda | $ - | $ 1,000 | $ 1,000 | $ - |
| General operations | 11,020 | - | 250 | 10,770 |
| Grandmother project | - | 34,203 | 34,203 | - |
| Sponsor a student | 158,890 | 115,154 | 274,044 | - |
| Sustainability project | 16,534 | - | 8,394 | 8,140 |
| Janet Kaguri Scholarship | 850 | 7,000 | - | 7,850 |
| SGBV | - | 8,299 | 8,299 | - |
| Microfinance | - | 13,600 | - | 13,600 |
| Total net assets with donor restrictions | $ 187,294 | $ 179,256 | $ 326,190 | $ 40,360 |

## NOTE 11 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ended December 31, the Organization recognized the following:

| | 2022 | 2021 |
|---|---|---|
| Supplies | $ 133,434 | $ - |

The Organization recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed supplies recognized were utilized for the operation of the Organization and its beneficiaries. In valuing the supplies, the Organization estimated the fair value of the contributions on the basis of estimates of wholesale values that would be received for selling similar products.

**NOTE 12 - ENDOWMENTS**

The Organization's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, both donor-restricted and funds designated by the Board of Directors, are reported based on the existence or absence of donor-imposed restrictions. The endowment is classified for the following purpose at December 31:

| | 2022 | 2021 |
|---|---|---|
| Board designated | | |
| Investments | $ 5 | $ 35,768 |
| Community foundation | 16,463 | 19,640 |
| Total endowments | $ 16,468 | $ 55,408 |

The Organization has interpreted the Michigan Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds (of which they currently have none) absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classified as permanently restricted net assets (a) the original value of initial gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

The Organization's investment and spending policies for endowment assets attempt to provide a predictable stream of funding to programs supported. The spending policy should allow for predictability of spendable fund for budgeting purposes and for steady growth in distributions in support of operations at least equal to the rate of inflation, without endangering the capital value of the fund.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation of equity securities, fixed income, and alternative investments with performance benchmarks on each asset class.

## NOTE 12 - ENDOWMENTS (continued)

The Organization has a spending policy which shall allow for maximum annual distributions equal to 5% of the rolling average of the preceding twelve quarterly market values. In establishing this policy, the Organization considered the long-term expected return on its investments. Accordingly, the Organization expects the current spending policy to allow its net assets to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the investments and net assets, as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets are as follows for the years ended December 31:

| | 2022 | 2021 |
|---|---|---|
| Endowment net assets, at January 1 | $ 55,408 | $ 29,671 |
| Contributions | - | 13,755 |
| Redemptions | (29,108) | - |
| Interest and dividends, net | 15 | 1,802 |
| Realized and unrealized gain (loss) on investments | (6,670) | 7,676 |
| Change in beneficial interest in assets held by Community Foundation | (3,177) | 2,504 |
| Endowment net assets, at December 31 | $ 16,468 | $ 55,408 |

## NOTE 13 - BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION

The Organization established an endowment at the Capital Region Community Foundation (CRCF) during 2013 with an initial deposit of $10,000 and named itself as the beneficiary. This amount in addition to net earnings and additional transfers is presented on the statement of financial position as, "Beneficial Interest in Assets Held at Community Foundation", in the amount of $16,463 and $19,640 as of December 31, 2022 and 2021, respectively. Although this amount has been recorded as an asset, the Organization has granted variance power to CRCF. Change in the Organization's beneficial interest is as follows for the year ended December 31:

| | 2022 | 2021 |
|---|---|---|
| Beneficial interest, beginning of year | $ 19,640 | $ 17,136 |
| Change in value of beneficial interest | (3,177) | 2,504 |
| Beneficial interest, end of year | $ 16,463 | $ 19,640 |

## NOTE 14 - SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest for the year ended December 31, 2022 and 2021 was $3,045 and $0, respectively.