

KENYA WORKS, INC.
APPLETON, WISCONSIN
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2021

**KENYA WORKS, INC.
APPLETON, WISCONSIN**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kenya Works, Inc.
Appleton, Wisconsin

Opinion

We have audited the accompanying financial statements of Kenya Works, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Kenya Works, Inc. as of December 31, 2021, 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. 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities 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 United 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 Kenya Works, 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 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 Kenya Works 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 the Organization'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.

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

January 3, 2023

**KENYA WORKS, INC.
APPLETON, WISCONSIN**

**STATEMENT OF FINANCIAL POSITION
December 31, 2021**

ASSETS

| | | |
|--------------------------|----|-----------------------|
| Current assets: | | |
| Cash | \$ | 212,232 |
| Contributions receivable | | <u>18,216</u> |
| Total assets | \$ | <u><u>230,448</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|----|-----------------------|
| Total liabilities | \$ | <u>- -</u> |
| Net assets: | | |
| Without donor restrictions | | 182,235 |
| With donor restrictions | | <u>48,213</u> |
| Total net assets | | <u>230,448</u> |
| Total liabilities and net assets | \$ | <u><u>230,448</u></u> |

KENYA WORKS, INC.
APPLETON, WISCONSIN

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Totals</u> |
|--|---|--|-------------------|
| Operating revenues: | | | |
| Contributions | \$ 515,432 | \$ 316,285 | \$ 831,717 |
| Net assets released from restrictions: | | | |
| Satisfaction of time restrictions | 36,370 | (36,370) | -- |
| Satisfaction of purpose restrictions | 314,552 | (314,552) | -- |
| Total operating revenues | <u>866,354</u> | <u>(34,637)</u> | <u>831,717</u> |
| Operating expenses: | | | |
| Program services | 659,654 | -- | 659,654 |
| Management and general | 20,854 | -- | 20,854 |
| Total operating expenses | <u>680,508</u> | <u>--</u> | <u>680,508</u> |
| Net operating revenues over operating expenses | 185,846 | (34,637) | 151,209 |
| Net assets - beginning of year | (3,611) | 82,850 | 79,239 |
| Net assets - end of year | <u>\$ 182,235</u> | <u>\$ 48,213</u> | <u>\$ 230,448</u> |

**KENYA WORKS, INC.
APPLETON, WISCONSIN**

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021**

| | Program Services | | | Management and General | Total Expenses |
|--|----------------------------------|---------------------|------------------------------|------------------------------|-------------------|
| | Kenya Works, Inc. Programs | VICODEC Programs | Total Program Services | | |
| Scholarships | \$ 119,500 | \$ 68,954 | \$ 188,454 | \$ -- | \$ 188,454 |
| VICODEC programs - other | -- | 128,126 | 128,126 | -- | 128,126 |
| Feeding programs | -- | 49,215 | 49,215 | -- | 49,215 |
| Tapa | 13,215 | -- | 13,215 | -- | 13,215 |
| Miale ya Tumaini | 45,110 | -- | 45,110 | -- | 45,110 |
| Makini Pad Initiative | 144,500 | -- | 144,500 | -- | 144,500 |
| Kenya Works, Inc. - Community Works | 50,799 | -- | 50,799 | -- | 50,799 |
| Travel | 26,446 | -- | 26,446 | -- | 26,446 |
| Bank fees | -- | -- | -- | 310 | 310 |
| Miscellaneous expense | -- | -- | -- | 3,267 | 3,267 |
| Printing | -- | -- | -- | 2,885 | 2,885 |
| Professional services | -- | -- | -- | 6,946 | 6,946 |
| Marketing and advertising | -- | -- | -- | 6,748 | 6,748 |
| Stipends | 13,789 | -- | 13,789 | -- | 13,789 |
| Insurance fees | -- | -- | -- | 698 | 698 |
| Total expenses | \$ 413,359 | \$ 246,295 | \$ 659,654 | \$ 20,854 | \$ 680,508 |

KENYA WORKS, INC.
APPLETON, WISCONSIN

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

| | |
|---|--------------------------|
| Cash flows from operating activities: | |
| Support received | \$ 849,871 |
| Cash paid for operating expenses | <u>(687,008)</u> |
| Net cash provided by operating activities | 162,863 |
| Cash balance, beginning of year | <u>49,369</u> |
| Cash balance, end of year | <u><u>\$ 212,232</u></u> |

**RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

| | |
|---|--------------------------|
| Change in net assets | \$ 151,209 |
| Increase in operating assets: | |
| Contributions receivable | 18,154 |
| Decrease in operating liabilities: | |
| Accounts payable | <u>(6,500)</u> |
| Net cash provided by operating activities | <u><u>\$ 162,863</u></u> |

**KENYA WORKS, INC.
APPLETON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies:

Nature of Activities

Kenya Works, Inc. (Organization or Kenya Works) is a USA-based nonprofit organization committed to cultivating meaningful partnerships and creating effective, influential programs for the most vulnerable people of Kenya.

The Organization's work begins with building relationships, trust, and a thorough understanding of the communities' needs. Its work actively and directly in these partnerships, helping to support long-term solutions to increase education, financial literacy, and dignity-building initiatives for Kenyans in need.

The Organization is supported primarily by contributions.

A description of the Organization's programs are as follows:

VICODEC (Victory Community Development Center) - The mission of VICODEC is providing nutritional, educational, health and social services that improve the standards of living in Kenyan communities. VICODEC's efforts are focused on impoverished Nairobi slums, which are characterized by poor sanitation, dilapidated housing, low income, and high unemployment. In addition to a holistic educational center to serve children of these areas, VICODEC established adult education, targeting the parents of the community to impart vocational skills so they can provide for their families.

Kenya Works/VICODEC feeding programs - Every day, Kenya Works and VICODEC, provide nutritious meals to over 5,000 school-going children who are in dire need of food. By providing this basic necessity, children are able to go to school and concentrate on their studies.

Kenya Works/VICODEC scholarships - Kenya Works and VICODEC provide scholarships to orphans and vulnerable children in Kenya to open opportunities for children born into insurmountable circumstances. The Kenya Works and VICODEC organizations believe all children should have the same opportunity to live a full life regardless of where they are born and recognizes that education plays a critical role. Kenya Works and VICODEC partner with boarding schools and day schools throughout Kenya, and also provide students with uniforms, nutrition and adult support as they rise up from the hardest of situations.

Kenya Works - Community Works - Advancing human rights and to support change at the community level, Kenya Works launched Community Works which supports a traveling series of workshop forums to reach remote communities, train community leaders on social change models that support legal reforms, and how these practices can build empowerment and reduce poverty. Over 1,000 community leaders have been trained through Community Works workshops.

Makini Pad Initiative - A recent study confirms that Kenya's most vulnerable girls still don't have access to safe, hygienic menstrual products; and as a result, they often face risks to their health, well-being and self-esteem. To answer both the product and psycho-social needs, Kenya Works, Inc. developed the Makini Pad Initiative - a social enterprise that provides high-quality, eco-friendly products to girls in need, built around a curriculum of puberty education and empowerment training. They also produced masks to fight the spread of Coronavirus.

**KENYA WORKS, INC.
APPLETON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

Miale ya Tumaini - The facility provides up to 600 school-age children an evening meal, study materials and a safe place to be after school and on weekends, along with access to counseling services for the individual and family every day. The parental outreach was designed to address common concerns of impoverished families, such as financial literacy, parenting skills, and medical and psycho-social services outreach. While the center has only been opened since June 2014, its programs continue to evolve to meet the growing needs of the community.

TAPA - Transform A Person Africa (TAPA) is a preschool found in Kibera, the second largest slum in Africa. It is a joyful place where children feel safe and loved. When they leave the school to continue their primary education, dinner, uniforms and tutoring support is offered so they always remain a part of the TAPA family. The TAPA school motto, "linking children to their potential," and the Kenya Works motto, "partnering with communities, expanding opportunities," are supporting initiatives that together, are bringing communities the tools to forge lives of dignity and hope.

Contributions and Contributions Receivable

Contributions are considered to be available for unrestricted uses unless specifically restricted by the donor.

Contributions receivable are reported at fair value on the date that the promise is received. Conditional promises to give and indications of intention to give are reported at fair value at the date the gift is deemed to be unconditional. Contributions receivable as of December 31, 2021 are all due within one year and are included with current assets.

The contributions are reported as either with or without 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, net assets with restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions whose restrictions are met within the same year as received are reflected as contributions with donor restrictions and net assets released from restrictions in the accompanying financial statements.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Presentation

The Organization's financial statements are presented in accordance with the requirements of the *Non-Profit Entities Topic of the FASB Accounting Standards Codification*. Under this Topic, the Organization is required to report information regarding its financial position and activities based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

**KENYA WORKS, INC.
APPLETON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

Net Assets Without Donor Restrictions - amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions - amounts subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Marketing and Advertising

Marketing and Advertising costs are expensed as incurred.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on the activities that the Organization is involved in.

Measure of Operations

The Organization's net operating revenues in excess of operating expenses include all operating revenues and expenses that are an integral part of its programs and supporting activities and net assets released from donor restrictions to support operating expenditures.

Note 2. Tax Exempt Status:

The Organization is a not-for-profit organization which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation, and donations made to the Organization qualify for the 50% charitable contribution deduction. The Organization is also exempt from Wisconsin income taxes.

The Organization adopted the provision of the *Income Taxes Topic of the FASB Accounting Standards Codification*. As a result the Organization evaluates its tax positions based on whether or not the position is more likely than not to be sustained upon examination by taxing authorities. The Organization continually evaluates its tax positions, changes in tax law and new authoritative rulings for potential implications on its tax status. The Organization's federal returns are subject to examination generally for three years after filed.

**KENYA WORKS, INC.
APPLETON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 3. Liquidity Management:

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

| | |
|---|------------|
| Cash (less \$48,213) reserved for particular purposes | \$ 164,019 |
| Contributions receivable | 18,216 |
| | 18,216 |
| Total | \$ 145,803 |

The Organization's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 4. Net Assets:

Funds are not released to the unrestricted operations until the purpose or time restriction is met. Donor restricted net assets consisted of the following at December 31, 2021:

Net assets without donor restrictions:

| | |
|--------------|------------|
| Undesignated | \$ 182,235 |
| | 182,235 |

Net assets with donor restrictions:

| | |
|--|--------|
| VICODEC general | 10,000 |
| VICODEC scholarships | 17,287 |
| Kenya Works scholarships | 2,592 |
| VICODEC feeding programs | 18 |
| Miale ya Tumaini | 100 |
| Contributions receivable - time restricted | 18,216 |
| | 18,216 |
| Net assets with donor restrictions | 48,213 |

| | |
|------------------|------------|
| Total net assets | \$ 230,448 |
|------------------|------------|

Net assets were released from donor restrictions by incurring expenses or capital expenditures satisfying the restrictions specified by the donors as follows at December 31, 2021:

| | |
|--|------------|
| VICODEC general fund | \$ 87,097 |
| VICODEC transportation | 13,426 |
| VICODEC scholarships | 57,980 |
| VICODEC feeding programs | 7,714 |
| Kenya Works scholarships | 102,437 |
| Kenya Works - Community Works | 5,000 |
| Makini Pad Initiative | 11,824 |
| Other restrictions | 29,074 |
| | 29,074 |
| Total satisfaction of purpose restrictions | 314,552 |
| Contributions - time restricted | 36,370 |
| | 36,370 |
| Total | \$ 350,922 |

Note 5. Major Support Received:

During the year ended December 31, 2021, the Organization received major support from one source that exceeded 10% of the Organization's total revenues. Support from this source was \$102,139.

**KENYA WORKS, INC.
APPLETON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 6. Subsequent Events:

The Organization has evaluated all subsequent events through January 3, 2023, the date on which the financial statements were available to be issued.