

KENYA WORKS, INC.
APPLETON, WISCONSIN
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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INDEPENDENT AUDITOR'S REPORT

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

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, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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 the financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2019, 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.

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

December 23, 2020

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

**STATEMENT OF FINANCIAL POSITION
December 31, 2019**

ASSETS

Current assets:

Cash	\$ 130,379
Contributions receivable	<u>4,260</u>

Total assets	<u><u>\$ 134,639</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	<u>\$ 4,100</u>
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Net assets:

Without donor restrictions	102,417
With donor restrictions	<u>28,122</u>

Total net assets	<u>130,539</u>
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Total liabilities and net assets	<u><u>\$ 134,639</u></u>
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THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

KENYA WORKS, INC.
APPLETON, WISCONSIN

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals
Operating revenues:			
Contributions	\$ 279,798	\$ 266,317	\$ 546,115
Net assets released from restrictions:			
Satisfaction of time restrictions	5,537	(5,537)	--
Satisfaction of purpose restrictions	254,669	(254,669)	--
Total operating revenues	<u>540,004</u>	<u>6,111</u>	<u>546,115</u>
Operating expenses:			
Program services	494,139	--	494,139
Management and general	12,281	--	12,281
Total operating expenses	<u>506,420</u>	<u>--</u>	<u>506,420</u>
Net operating expenses over operating revenues	33,584	6,111	39,695
Net assets - beginning of year	<u>68,833</u>	<u>22,011</u>	<u>90,844</u>
Net assets - end of year	<u>\$ 102,417</u>	<u>\$ 28,122</u>	<u>\$ 130,539</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

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

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program Services			Management and General	Total Expenses
	Kenya Works, Inc. Programs	VICODEC Programs	Total Program Services		
Scholarships	\$ 76,589	\$ 58,816	\$ 135,405	\$ --	\$ 135,405
VICODEC programs - other	--	97,543	97,543	--	97,543
Feeding programs	--	21,957	21,957	--	21,957
Tapa	7,660	--	7,660	--	7,660
Miale ya Tumaini	55,000	--	55,000	--	55,000
Makini Pad Initiative	120,946	--	120,946	--	120,946
Kenya Works, Inc. - Community Works	46,903	--	46,903	--	46,903
Documentary	800	--	800	--	800
Travel	2,290	--	2,290	--	2,290
Bank fees	--	--	--	350	350
Miscellaneous expense	--	--	--	2,775	2,775
Printing	--	--	--	1,130	1,130
Professional services	--	--	--	7,282	7,282
Stipends	5,635	--	5,635	--	5,635
Insurance fees	--	--	--	744	744
Total expenses	<u>\$ 315,823</u>	<u>\$ 178,316</u>	<u>\$ 494,139</u>	<u>\$ 12,281</u>	<u>\$ 506,420</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

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

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

Cash flows from operating activities:	
Support received	\$ 551,652
Cash paid for operating expenses	<u>(502,320)</u>
Net increase in cash	49,332
Cash balance, beginning of year	<u>81,047</u>
Cash balance, end of year	<u><u>\$ 130,379</u></u>

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

Change in net assets	\$ 39,695
Decrease in operating assets:	
Contributions receivable	<u>5,537</u>
Increase in operating liabilities	
Accounts payable	<u>4,100</u>
Net cash provided by operating activities	<u><u>\$ 49,332</u></u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies:

Nature of Activities

Kenya Works, Inc. (Organization) 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, Inc./VICODEC feeding programs - Every day, Kenya Works, Inc. and VICODEC, provides 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, Inc./VICODEC Scholarships - Kenya Works, Inc. and VICODEC provide scholarships to orphans and vulnerable children in Kenya to open opportunities for children born into insurmountable circumstances. The Kenya Works, Inc. 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, Inc. and VICODEC partner with boarding schools and day schools throughout Kenya, and also provides students with uniforms, nutrition and adult support as they rise up from the hardest of situations.

Kenya Works, Inc. - Community Works - Advancing human rights and to support change at the community level, Kenya Works, Inc. 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.

**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, Inc. 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, 2019 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.
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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.

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.

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 \$28,122) reserved for a particular purpose	\$ 102,257
Contributions receivable	4,260
Total	<u>\$ 106,517</u>

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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 4. Net Assets:

The funds are not released to the unrestricted operations until that purpose or time restriction is met. Temporarily restricted net assets are for the following purposes at December 31, 2019:

Net assets without donor restrictions:

Undesignated	\$ 102,417
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Net assets with donor restrictions:

VICODEC general	15,754
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VICODEC scholarships	8,108
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Contributions receivable - time restricted	4,260
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Net assets with donor restrictions	28,122
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Total net assets	\$ 130,539
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Net assets were released from donor restrictions by incurring expenses or capital expenditures satisfying the purpose specified by the donors as follows at December 31, 2019:

VICODEC general fund	\$ 114,687
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VICODEC scholarships	58,816
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VICODEC feeding programs	4,813
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Kenya Works scholarships	58,230
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Makini Pad Initiative	7,245
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Miale ya Tumaini	10,165
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Other restrictions	713
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Total satisfaction of purpose restrictions	254,669
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Contributions receivable - time restricted	5,537
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Total	\$ 260,206
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Note 5. Major Support Received:

During the year ended December 31, 2019, the Organization received major support from one source that exceeded 10% of the Organization's total revenues. Support from this source was \$150,000.

Note 6. Subsequent Events:

The Organization has evaluated all subsequent events through December 23, 2020, the date on which the financial statements were available to be issued.