

WeiserMazars LLP

Kenya Education Fund, Inc.

(A Not-for-Profit Organization)

Financial Statements

**December 31, 2014 and 2013 (As
Restated)**



WeiserMazars

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Kenya Education Fund, Inc.
(A Not-for-Profit Organization)
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December 31, 2014 and 2013 (As Restated)

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Independent Auditors' Report

To the Board of Directors
Kenya Education Fund, Inc.

We have audited the accompanying financial statements of Kenya Education Fund, Inc. (a not-for-profit organization) (the "Fund") which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 judgment, 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 entity'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 entity'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 Education Fund, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As discussed in Note 7 to the financial statements, the Fund restated temporarily restricted net assets, liabilities, and statement of activities to correct errors in classification discovered subsequent to the issuance of our report on those financial statements dated August 28, 2014.

WeiserMazars LLP

November 13, 2015

WEISERMAZARS LLP

60 CROSSWAYS PARK DRIVE WEST, SUITE 301 – WOODBURY, NEW YORK – 11797

TEL: 516.488.1200 – FAX: 516.488.1238 – WWW.WEISERMAZARS.COM

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Kenya Education Fund, Inc.
Statements of Financial Position
December 31, 2014 and 2013 (As Restated)

	2014	As restated 2013
Assets		
Cash and cash equivalents	\$ 870,803	\$ 797,546
Pledges receivable	47,705	66,389
Prepaid expenses	894	-
	<u>919,402</u>	<u>-</u>
Total assets	<u>\$ 919,402</u>	<u>\$ 863,935</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 655	\$ 2,408
Accrued expenses	15,000	17,985
Total liabilities	<u>15,655</u>	<u>20,393</u>
Net assets		
Unrestricted	754,718	589,454
Temporarily restricted	149,029	254,088
	<u>903,747</u>	<u>843,542</u>
Total net assets	<u>903,747</u>	<u>843,542</u>
Total liabilities and net assets	<u>\$ 919,402</u>	<u>\$ 863,935</u>

The accompanying notes are an integral part of these financial statements.

Kenya Education Fund, Inc.
Statement of Activities
Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Special events, net of direct event expenses of \$62,424	\$ 126,452		\$ 126,452
Contributions	680,850	\$ 109,220	790,070
Interest and dividends	6,704		6,704
Net assets released from restrictions	214,279	(214,279)	-
Total support and revenues	<u>1,028,285</u>	<u>(105,059)</u>	<u>923,226</u>
Functional expenses			
Program services	757,184	-	757,184
Management and general	40,440	-	40,440
Fund raising	65,397	-	65,397
Total functional expenses	<u>863,021</u>	<u>-</u>	<u>863,021</u>
Change in net assets	165,264	(105,059)	60,205
Net assets - beginning	<u>589,454</u>	<u>254,088</u>	<u>843,542</u>
Net assets - end	<u>\$ 754,718</u>	<u>\$ 149,029</u>	<u>\$ 903,747</u>

The accompanying notes are an integral part of these financial statements.

Kenya Education Fund, Inc.
Statement of Activities
Year Ended December 31, 2013 (As Restated)

	Unrestricted	Temporarily Restricted	Total
Support and revenues			
Special events, net of direct event expenses of \$59,033	\$ 108,268		\$ 108,268
Contributions	622,143	\$ 171,029	793,172
Interest and dividends	4,373		4,373
Net assets released from restrictions	114,490	(114,490)	-
Total support and revenues	<u>849,274</u>	<u>56,539</u>	<u>905,813</u>
Functional expenses			
Program services	516,532	-	516,532
Management and general	37,939	-	37,939
Fund raising	64,419	-	64,419
Total functional expenses	<u>618,890</u>	<u>-</u>	<u>618,890</u>
Change in net assets	<u>230,384</u>	<u>56,539</u>	<u>286,923</u>
Net assets - beginning - As originally reported	359,070	120,359	479,429
Prior period adjustment - Note 7	<u>-</u>	<u>77,190</u>	<u>77,190</u>
Net assets - beginning - As restated	<u>359,070</u>	<u>197,549</u>	<u>556,619</u>
Net assets - end	<u>\$ 589,454</u>	<u>\$ 254,088</u>	<u>\$ 843,542</u>

The accompanying notes are an integral part of these financial statements.

Kenya Educational Fund, Ltd.

Statement of Functional Expenses

Year Ended December 31, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Grants	\$ 673,076	\$ -	\$ -	\$ 673,076
Salaries	58,150	11,630	46,520	116,300
Payroll taxes	4,448	890	3,559	8,897
Employee benefits	2,109	422	1,687	4,218
Professional fees	-	21,270	-	21,270
Public relations	2,494	-	831	3,325
Payroll processing	696	139	556	1,391
Telephone	896	163	570	1,629
Office	1,376	688	688	2,752
Computer software	4,776	2,389	2,389	9,554
Service charges	-	641	5,770	6,411
Fund raising	-	-	1,145	1,145
Insurance	-	1,775	93	1,868
Travel	7,359	433	866	8,658
Meals and entertainment	1,804	-	201	2,005
Internet - web design	-	-	83	83
New York Filing fee	-	-	439	439
	<u>\$ 757,184</u>	<u>\$ 40,440</u>	<u>\$ 65,397</u>	<u>\$ 863,021</u>

The accompanying notes are an integral part of these financial statements.

Kenya Education Fund, Inc.

Statement of Functional Expenses

Year Ended December 31, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Grants	\$ 444,769	\$ -	\$ -	\$ 444,769
Salaries	54,400	10,880	43,520	108,800
Payroll taxes	4,162	832	3,329	8,323
Employee benefits	3,771	754	3,016	7,541
Professional fees	-	21,674	-	21,674
Public relations	2,890	-	963	3,853
Payroll processing	621	124	497	1,242
Telephone	903	164	575	1,642
Office	2,320	1,160	1,160	4,640
Service charges	-	377	3,391	3,768
Fund Raising	-	-	6,595	6,595
Insurance	-	1,762	93	1,855
Travel	1,336	79	157	1,572
Meals and entertainment	665	-	74	739
Internet - web design	-	-	83	83
Depreciation	666	121	424	1,211
New York Filing fee	-	-	501	501
Miscellaneous	29	12	41	82
	<u>\$ 516,532</u>	<u>\$ 37,939</u>	<u>\$ 64,419</u>	<u>\$ 618,890</u>

The accompanying notes are an integral part of these financial statements.

Kenya Education Fund, Inc.**Statements of Cash Flows****Year Ended December 31, 2014 and 2013 (As Restated)**

	2014	As Restated 2013
Cash flows from operating activities		
Change in net assets	\$ 60,205	\$ 286,923
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	-	1,212
Increase (decrease) in cash attributable to changes in operating assets and liabilities		
Pledges receivable	18,684	(52,844)
Prepaid expenses	(894)	-
Accounts payable	(1,753)	417
Accrued expenses	(2,985)	2,985
Net cash provided by operating activities	<u>73,257</u>	<u>238,693</u>
Net increase in cash and cash equivalents	73,257	238,693
Cash and cash equivalents		
Beginning	<u>797,546</u>	<u>558,853</u>
End	<u>\$ 870,803</u>	<u>\$ 797,546</u>

The accompanying notes are an integral part of these financial statements.

Kenya Education Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013 (As Restated)

1. Nature of Organization

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. 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 until they graduate. The Fund will continue funding the education of nomadic Kenyan high school students and help prepare selected primary school students for high school.

The Fund also works with local health officials, community volunteers, and educators to implement HIV/AIDS awareness programs in the schools the students attend.

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

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Fund is presented to assist in understanding its financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Cash and Cash Equivalents

The Fund considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

Revenue Recognition

The Fund recognizes contributions and grants as revenue when they are received or unconditionally pledged.

Net Assets

The net assets of the Fund and changes therein are classified and reported as follows:

Unrestricted

These funds are presented as unrestricted, as there are no restrictions by donors as to their use. These funds are undesignated and available for general purposes and used for the general activity of the Fund.

Temporarily Restricted

Temporarily restricted net assets consist of resources, the use of which have been restricted by donors. These restrictions relate to a time period for which the contribution has been designated or for a special purpose or project for which the donor has provided funding. The release of net assets from restrictions results from either the satisfaction of the restricted purposes specified by the donors or from the passage of time. Support is then reported as an increase in unrestricted net assets.

Permanently Restricted

Permanently restricted net assets result from contributions and other inflows of assets whose use by the Fund is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Fund. Generally, the donors of these funds permit the Fund to use income earned or capital appreciation on related investments for general or specific purposes. At December 31, 2014, there were no permanently restricted net assets.

Kenya Education Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013 (As Restated)

Contributed Services

Some individuals may volunteer their time and perform a variety of tasks that assist the Fund with its charitable and education programs. Donated services are reported as contribution revenue and expenses only if the services create or enhance a nonmonetary asset, or would typically need to be purchased by the organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with such specialized skills.

Pledges Receivable

Pledges receivable are reported in the statements of financial position net of an estimated allowance for doubtful accounts. Receivables are periodically evaluated for collectability based on past credit histories with donors and on any unusual circumstances which may affect the ability of donors to meet their obligations. Changes in the estimated collectability of receivables are recorded in the statement of functional expenses for the period in which the estimate is revised. Pledges receivable that are deemed uncollectible are offset against the allowance for doubtful accounts.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method based on estimated useful lives of 5 years. Property and equipment is as follows:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 4,402	\$ 4,402
Less: accumulated depreciation	<u>4,402</u>	<u>4,402</u>
	<u>\$ -</u>	<u>\$ -</u>

When assets are retired, the costs and accumulated depreciation are removed from the respective accounts and any gain or loss on the disposition is credited or charged to the change in net assets.

Expenditures for repairs and maintenance are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Fund to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Kenya Education Fund, Inc. qualifies as a tax exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and as a not-for-profit organization under the laws of Virginia and New York State. Accordingly, no provision for Federal or state income taxes is required. Management has determined that the Fund had no uncertain tax positions that would require financial statement recognition. The Fund no longer is subject to audits by the applicable taxing jurisdictions for the periods prior to 2011.

3. Concentrations of Credit Risk

From time to time, the Fund may maintain cash balances in excess of the Federal Deposit Insurance Corporation insured limits. The Fund incurs credit risk for any amount exceeding this limit. As of December 31, 2014 and 2013, the amount at risk was approximately \$621,000 and \$547,000, respectively.

Kenya Education Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013 (As Restated)

4. 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, 2014 and 2013, the Fund has disbursed \$669,076 and \$444,769, respectively, to a related party, related through common control, in relation to the mission of the fund.

For the years ended December 31, 2014 and 2013, Board Members contributed \$139,418 and \$109,675, respectively, to the Fund.

5. Expense Allocation

Management and general expenses are allocated to programs on the basis of their functional purpose.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2014</u>	<u>2013</u>
Education for Nomadic Kenyan Children	\$ 21,059	\$ 60,659
Restricted for use in the following years:		
2014	-	146,179
2015	87,981	30,650
2016	28,139	16,000
2017	11,100	600
2018	750	-
	<u>\$ 149,029</u>	<u>\$ 254,088</u>

7. Prior Period Adjustment

The 2013 financial statements were restated to adjust for temporarily restricted assets previously recorded as deferred revenue. The effects of these corrections on the financial statements were to increase net assets at January 1, 2013, by \$77,190. For the year ended December 31, 2013, unrestricted contributions decreased by \$54,790, temporarily restricted contributions increased by \$171,029, and net assets released from restrictions increased by \$54,790. At December 31, 2013, deferred revenue, previously \$193,429, was removed and net assets temporarily restricted increased by \$193,429.

8. Subsequent Events

The Fund has evaluated subsequent events through November 13, 2015, the date the financial statements were available for issuance.

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