



Financial Statements

Friends of Ngong Road

Minneapolis, Minnesota

For the years ended December 31, 2021 and 2020



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Friends of Ngong Road
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Friends of Ngong Road
Minneapolis, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of Friends of Ngong Road (the Organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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 United 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 Consolidated 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated 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.



Abdo
Minneapolis, Minnesota
March 31, 2022



CONSOLIDATED FINANCIAL STATEMENTS

Friends of Ngong Road
Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 440,121	\$ 430,332
Investments	1,015,111	719,291
Pledges receivable, net	2,000	112,366
Inventory	1,234	1,393
Prepaid expenses	4,647	4,394
Total Current Assets	<u>1,463,113</u>	<u>1,267,776</u>
Fixed Assets		
Equipment	1,350	-
Less accumulated depreciation	<u>(300)</u>	<u>-</u>
Total Fixed Assets, Net	<u>1,050</u>	<u>-</u>
Total Assets	<u><u>\$ 1,464,163</u></u>	<u><u>\$ 1,267,776</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 9,929	\$ 442
Accrued expenses	6,657	9,274
Total Liabilities	<u>16,586</u>	<u>9,716</u>
Net Assets		
Without donor restrictions:		
Designated by the Board for endowment funds	1,015,111	719,291
Undesignated	328,604	356,121
Total without donor restrictions	<u>1,343,715</u>	<u>1,075,412</u>
With donor restrictions		
Purpose restrictions	101,862	71,067
Time-restricted for future periods	2,000	111,581
Total with donor restrictions	<u>103,862</u>	<u>182,648</u>
Total Net Assets	<u>1,447,577</u>	<u>1,258,060</u>
Total Liabilities and Net Assets	<u><u>\$ 1,464,163</u></u>	<u><u>\$ 1,267,776</u></u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

Friends of Ngong Road
Consolidated Statements of Activities
For the Year Ended December 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions and grants	\$ 885,090	\$ 39,000	\$ 924,090
In-kind donations	70	-	70
Investment income	92,191	-	92,191
Other income (loss)	(10,988)	-	(10,988)
Revenue and Other Support	<u>966,363</u>	<u>39,000</u>	<u>1,005,363</u>
Net Assets Released from Restrictions	<u>117,786</u>	<u>(117,786)</u>	<u>-</u>
Total Revenue and Other Support	<u>1,084,149</u>	<u>(78,786)</u>	<u>1,005,363</u>
Expenses			
Program services	564,328	-	564,328
Supporting services			
Management and general	174,985	-	174,985
Fundraising	76,533	-	76,533
Total Expenses	<u>815,846</u>	<u>-</u>	<u>815,846</u>
Change in Net Assets	268,303	(78,786)	189,517
Beginning Net Assets	<u>1,075,412</u>	<u>182,648</u>	<u>1,258,060</u>
Ending Net Assets	<u>\$ 1,343,715</u>	<u>\$ 103,862</u>	<u>\$ 1,447,577</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

Friends of Ngong Road
Consolidated Statements of Activities (Continued)
For the Year Ended December 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions and grants	\$ 742,462	\$ -	\$ 742,462
In-kind donations	9,300	-	9,300
Investment income	66,465	-	66,465
Other income (loss)	(2,917)	-	(2,917)
Revenue and Other Support	<u>815,310</u>	<u>-</u>	<u>815,310</u>
Net Assets Released from Restrictions	98,256	(98,256)	-
Total Revenue and Other Support	<u>913,566</u>	<u>(98,256)</u>	<u>815,310</u>
Expenses			
Program services	437,182	-	437,182
Supporting services			
Management and general	122,850	-	122,850
Fundraising	71,625	-	71,625
Total Expenses	<u>631,657</u>	<u>-</u>	<u>631,657</u>
Change in Net Assets	281,909	(98,256)	183,653
Beginning Net Assets	<u>793,503</u>	<u>280,904</u>	<u>1,074,407</u>
Ending Net Assets	<u>\$ 1,075,412</u>	<u>\$ 182,648</u>	<u>\$ 1,258,060</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

Friends of Ngong Road
Consolidated Statements of Functional Expenses
For the Year Ended December 31, 2021

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Expenses				
Program disbursements	\$ 527,324	\$ -	\$ -	\$ 527,324
Salaries and related expenses	36,846	69,240	57,235	163,321
Business expenses	-	95,075	18,084	113,159
Cost of goods sold	158	-	-	158
Donated goods and services	-	70	-	70
Travel and meetings	-	-	1,214	1,214
Accounting and tax	-	10,600	-	10,600
Total Expenses	<u>\$ 564,328</u>	<u>\$ 174,985</u>	<u>\$ 76,533</u>	<u>\$ 815,846</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

Friends of Ngong Road
Consolidated Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2020

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Expenses				
Program disbursements	\$ 430,545	\$ -	\$ -	\$ 430,545
Salaries and related expenses	-	66,221	53,635	119,856
Business expenses	-	45,830	7,649	53,479
Cost of goods sold	1,097	-	-	1,097
Donated goods and services	5,540	-	3,760	9,300
Travel and meetings	-	-	6,581	6,581
Accounting and tax	-	10,799	-	10,799
Total Expenses	<u>\$ 437,182</u>	<u>\$ 122,850</u>	<u>\$ 71,625</u>	<u>\$ 631,657</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

Friends of Ngong Road
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 189,517	\$ 183,653
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	300	-
Realized and unrealized (gain) loss on investments	(68,860)	(51,884)
Change in current assets and liabilities:		
Accounts receivable	-	3,500
Pledges receivable	110,366	94,853
Inventory	159	1,097
Prepaid expenses	(253)	(54)
Accounts payable	9,487	(10,674)
Accrued expenses	(2,617)	9,274
Net Cash Provided (Used) by Operating Activities	<u>238,099</u>	<u>229,765</u>
Cash Flows from Investing Activities		
Purchase of investments	(582,899)	(330,285)
Proceeds from sale of investments	355,939	288,878
Purchase of fixed assets	(1,350)	-
Net Cash Provided (Used) by Investing Activities	<u>(228,310)</u>	<u>(41,407)</u>
Change in Cash and Cash Equivalents	9,789	188,358
Beginning Cash and Cash Equivalents	<u>430,332</u>	<u>241,974</u>
Ending Cash and Cash Equivalents	<u><u>\$ 440,121</u></u>	<u><u>\$ 430,332</u></u>
Supplemental Disclosure of Non-Cash Financing Activities		
Receipt of in-kind goods and services	<u><u>\$ 70</u></u>	<u><u>\$ 9,300</u></u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

Friends of Ngong Road
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

The mission of Friends of Ngong Road (the Organization) is to empower Nairobi children living in poverty to transform their lives through education and support, leading to employment. The Organization pairs each sponsor with a specific child allowing a mutually beneficial relationship to develop.

Karibu Children's Fund LLC was established in 2016 to send funds for support of income-producing activities in Kenya and became active in 2018. Karibu Children's Fund LLC is a subsidiary of Friends of Ngong Road.

B. Basis of Consolidation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting with revenue being recorded when earned and expenditures recorded when the obligation is incurred, or the benefits are received in accordance with Generally Accepted Accounting Principles (GAAP).

Friends of Ngong Road is the sole member of Karibu Children's Fund LLC. Karibu Children's Fund LLC is consolidated within these financial statements.

C. Financial Statement Presentation

Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restriction - Resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Net Assets with Donor Restriction - Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization, or the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated those resources be maintained in perpetuity. At this time, the Organization has no such perpetually restricted resources.

D. Contributions

Contributions, unconditional promises to give, and other assets are recognized at fair values and recorded as made. All contributions are considered to be without donor restriction unless specifically restricted by the donor. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents. US Dollar (USD) cash and cash equivalents are insured by the FDIC.

Cash balances at December 31, 2021 include Kenya Shillings (KES). The Organization began purchasing KES in 2020 for the sole purpose of funding approved program activities in Ngong Road Children's Foundation. The Organization does not make speculative purchases or sales of any currency in an effort to generate profits from currency trading. Transactions in foreign currencies are translated into USD (the organization's functional currency) at the exchange rates on the dates of the transactions. Foreign currency balances are translated into USD at the exchange rate at the reporting date. Realized gains and losses reflect the change in the exchange rate from the purchase date to the translation dates.

Note 1: Summary of Significant Accounting Policies (Continued)

F. Investments

The Organization carries its fixed income and equity funds at fair value and realized and unrealized gains/losses are reflected in the statements of activities.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

G. Fair Value Measurements

Fair value measurement accounting literature establishes a fair value hierarchy based on the priority of the inputs used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets in active markets that the Organization has the ability to access. The Organization has investments of equities and bonds included in Level 1.

Level 2 - Inputs 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

Level 3 - Inputs are unobservable and significant to the fair value measurement.

H. Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Conditional pledges are not included as support until such time as the conditions are substantially met. At December 31, 2021 and 2020, an allowance in the amount of \$0 and \$861, respectively, has been recorded. Pledges expected to be collected beyond the next fiscal year are stated at net present value with discount rates at 0.00% and 0.17% for 2021 and 2020, respectively.

I. Fixed Assets

The Organization capitalizes laptops, tablets, and related necessary accessories in excess of \$500. Fixed assets are presented at cost, and depreciation is computed on a straight-line basis over the estimated useful life of three years. Depreciation expense as of December 31, 2021 and 2020 was \$300 and \$0, respectively.

J. In-kind Contributions

Contributions of gifts in-kind that can be used or sold by the Organization are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Note 1: Summary of Significant Accounting Policies (Continued)

K. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

L. Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services are reflected on the Consolidated Statements of Activities and the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that can be directly identified by management are allocated directly to the supporting function. Other costs not able to be directly identified are allocated based on management estimates.

M. Tax Exempt Status

The Organization has tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

N. Reclassification

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

O. Upcoming Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact this standard will have on its financial statements.

P. Subsequent Events

In preparing the consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 31, 2022, the date the consolidated financial statements were available to be issued.

The COVID-19 pandemic has caused global disruption, including in both the United States and Kenya. In Kenya, students returned to school in January 2021, though some government-imposed safety measures remain in place. In the United States, many similar dislocations exist. While the disruption is temporary, no one has a clear understanding of the likely impact on the United States economy or on philanthropy in 2022 and there could be a negative impact on donations and collection of pledges. We are committed to doing all we can do to ensure Friends of Ngong Road continues to pursue its mission of helping impoverished children in Nairobi transform their lives.

Friends of Ngong Road
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Note 2: Liquidity and Availability of Financial Assets

The Organization's financial assets due within one year of the balance sheet date for general expenditures are as follows as of December 31, 2021 and 2020, respectively:

	2021	2020
Cash	\$ 440,121	\$ 430,332
Investments	1,015,111	719,291
Pledges Receivable, Net of Discounts and Allowances	2,000	112,366
Total Financial Assets Available Within One Year	<u>1,457,232</u>	<u>1,261,989</u>
Less: amounts unavailable for general expenditures within one year, due to:		
Board-designated for endowment	(1,015,111)	(719,291)
Net assets with donor restrictions - time restriction	-	(2,000)
Net assets with donor restrictions - purpose restriction	(101,862)	(71,067)
Total Amounts Unavailable for General Expenditures Within One Year	<u>(1,116,973)</u>	<u>(792,358)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 340,259</u>	<u>\$ 469,631</u>

The board of directors and management routinely monitor liquidity and cash reserves which fund operations and program service delivery in accordance with established policies. Additionally, the board designated investments of \$1,015,111 can be drawn upon through board resolution for operational needs at any time.

Note 3: Pledges Receivable

Pledges receivable consists of commitments from various donors. The balance of pledges receivable consists of the following at December 31:

	2021	2020
Amounts due in:		
Less than one year	\$ 2,000	\$ 111,351
Greater than one year	-	2,000
Gross pledges receivable	<u>2,000</u>	<u>113,351</u>
Discounted to net present value	-	(124)
Allowance for doubtful accounts	<u>-</u>	<u>(861)</u>
Total	<u>\$ 2,000</u>	<u>\$ 112,366</u>

Friends of Ngong Road
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Note 4: Foreign Currency Translation

The Organization realized losses of \$7,454 and 6,996 in currency translation from KES to USD in the years ended December 31, 2021 and 2020, respectively. Disbursements to Ngong Road Children's Foundation in 2021 and 2020 were paid in KES. Foreign currency activity for the years ended December 31, 2021 and 2020 are reflected below.

	2021	2020
Kenya Shilling (KES) Transactions		
Beginning Balance, January 1	KES 9,382,305	KES -
Purchases	66,800,000	54,955,820
Disbursements for Program Activities	<u>(57,932,546)</u>	<u>(45,573,515)</u>
Ending Balance, December 31	KES <u>18,249,759</u>	KES <u>9,382,305</u>
US Dollar Equivalent of KES held at December 31	<u>\$ 161,297</u>	<u>\$ 86,082</u>

Note 5: Investments

The fair market value of investments consists of the following at December 31:

	2021	2020
Fixed Income Funds	\$ 333,031	\$ 250,777
Equity Funds	679,413	452,837
Equity Securities	-	14,671
Cash Equivalents	<u>2,667</u>	<u>1,006</u>
Total	<u>\$ 1,015,111</u>	<u>\$ 719,291</u>

Note 6: Related Party Transactions

The Organization's sister organization, Ngong Road Children's Foundation, operates in Kenya. The boards of both organizations work together to ensure the program in Kenya is effective and well-managed, and that donors are satisfied and supportive. The Organization remitted a total of \$527,324 and \$430,535 to Ngong Road Children's Foundation during the years ended December 31, 2021 and 2020, respectively.

During 2014, Karibu Loo Limited (Karibu Loo) began operations as a fully owned subsidiary of Ngong Road Children's Foundation. In 2017, Karibu Loo was approved by Kenya authorities and became a standalone entity. Karibu Children's Fund LLC is a member of Karibu Loo. The Organization remitted a total of \$0 and \$0 to Karibu Loo during the years ended December 31, 2021 and 2020, respectively.

Friends of Ngong Road
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Note 7: Fair Value Measurements

The Organization uses the following valuation methodologies for each type of investment:

Fixed Income and Equity Funds - Valued at the net asset value (NAV) of shares held by the Organization at year end.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value:

December 31, 2021	Level 1	Level 2	Level 3	Total
Fixed Income Funds	\$ 333,031	\$ -	\$ -	\$ 333,031
Equity Funds	679,413	-	-	679,413
Invested Cash	2,667	-	-	2,667
Total	<u>\$ 1,015,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,015,111</u>

December 31, 2020	Level 1	Level 2	Level 3	Total
Fixed Income Funds	\$ 250,777	\$ -	\$ -	\$ 250,777
Equity Funds	452,837	-	-	452,837
Equity Securities	14,671	-	-	14,671
Invested Cash	1,006	-	-	1,006
Total	<u>\$ 719,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 719,291</u>

Note 8: Net Assets With Donor Restrictions

Donor restricted net assets consist of the following donor restrictions as of December 31:

	2021	2020
Purpose Restricted:		
Program	\$ 66,833	\$ 61,038
Transition fund	25,000	-
Technology for Kenya	10,029	10,029
Total Purpose Restricted	<u>101,862</u>	<u>71,067</u>
Time Restricted:		
Sustaining pledges	<u>2,000</u>	<u>111,581</u>
Net Assets with Donor Restrictions, December 31	<u>\$ 103,862</u>	<u>\$ 182,648</u>

Note 9: In-kind Contributions

The Organization received in-kind contributions of \$70 and \$9,300 for the years ended December 31, 2021 and 2020, respectively.

Friends of Ngong Road
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Note 10: Endowment

The purpose of the Organization's board-designated endowment is to provide for future spending needs. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization has no donor-restricted endowment funds or donor-designated endowments as of December 31, 2021 and 2020.

Board-designated endowment fund activity for the years ended December 31, 2021 and 2020 is as follows:

Endowment Net Assets, January 1, 2020	\$ 626,000
Net appropriations	26,867
Investment income	66,424
Endowment Net Assets, December 31, 2020	<u>719,291</u>
Net contributions	203,660
Investment income	92,160
	<u><u>\$ 1,015,111</u></u>
Endowment Net Assets, December 31, 2021	<u><u>\$ 1,015,111</u></u>

Investment Objectives and Strategies

The investment objective of the Endowment Fund is based upon a long-term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. The return target is 4% plus inflation and fees. To accomplish this return goal, the Endowment Fund will diversify its assets among several asset classes and seek to manage risk effectively.

Spending Policy

The purpose of the Endowment Fund is two-fold: to provide funding for programs of the Organization and to help the Organization manage its finances in the event of an unexpected loss or uneven revenue flows. Historically, the board has elected to use Endowment Fund resources for both purposes. In 2021, the board will adopt a spending rate of 4%.