



Friends of Kenyan Orphans

Financial Statements

December 31, 2024 and 2023



Friends of Kenyan Orphans

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Independent Auditor's Report

To the Board of Directors
Friends of Kenyan Orphans
Grosse Pointe Park, Michigan

Opinion

We have audited the financial statements of Friends of Kenyan Orphans (the Organization), which comprise the statement of financial position as of December 31, 2024 and 2023, the related statements of activities and changes in net assets, functional expenses - by natural classification, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, 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 (GAAS). 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 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 the 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 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 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 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.

RKL LLP

May 7, 2025
Wyomissing, Pennsylvania

Friends of Kenyan Orphans

Statement of Financial Position

	December 31,	
	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 151,327	\$ 101,998
Prepaid expenses	1,177	1,137
Total Current Assets	152,504	103,135
Investments, at Fair Value	464,678	467,424
Total Assets	\$ 617,182	\$ 570,559
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 247	\$ 441
Accrued expenses	1,922	1,846
Total Liabilities	2,169	2,287
Net Assets		
Without donor restrictions	548,036	561,239
With donor restrictions	66,977	7,033
Total Net Assets	615,013	568,272
Total Liabilities and Net Assets	\$ 617,182	\$ 570,559

Friends of Kenyan Orphans

Statement of Activities and Changes in Net Assets

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 398,570	\$ 77,162	\$ 475,732	\$ 375,654	\$ 43,320	\$ 418,974
Investment income	22,256	-	22,256	38,721	-	38,721
In-kind contributions	500	-	500	500	-	500
Net assets released from restrictions	17,218	(17,218)	-	48,467	(48,467)	-
Total Support and Revenue	438,544	59,944	498,488	463,342	(5,147)	458,195
Expenses						
Program services	400,700	-	400,700	388,803	-	388,803
Supporting programs						
Management and general	20,929	-	20,929	19,582	-	19,582
Fundraising	30,118	-	30,118	31,741	-	31,741
Total Expenses	451,747	-	451,747	440,126	-	440,126
Changes in Net Assets	(13,203)	59,944	46,741	23,216	(5,147)	18,069
Net Assets at Beginning of Year	561,239	7,033	568,272	538,023	12,180	550,203
Net Assets at End of Year	\$ 548,036	\$ 66,977	\$ 615,013	\$ 561,239	\$ 7,033	\$ 568,272

Friends of Kenyan Orphans

Statement of Functional Expenses - by Natural Classification

	Year Ended December 31, 2024				Year Ended December 31, 2023			
	Supporting Services		Program Services	Total	Supporting Services		Program Services	Total
	Management and General	Fundraising			Management and General	Fundraising		
Direct aid	\$ 374,875	\$ -	\$ -	\$ 374,875	\$ -	\$ -	\$ -	\$ 362,370
Professional fees/contracted services	18,615	19,179	18,615	56,409	17,461	16,947	16,947	51,355
Printing and copying	3,773	277	3,772	7,822	403	6,422	6,422	13,247
Office expenses	633	514	2,243	3,390	792	3,702	3,702	5,454
Bank fees	760	285	2,512	3,557	273	3,623	3,623	4,656
Insurance	654	674	654	1,982	653	635	635	1,923
Advertising	-	-	1,544	1,544	-	-	-	-
Travel and meetings	1,390	-	778	2,168	-	412	412	1,121
Total Functional Expenses - by Natural Classification	\$ 400,700	\$ 20,929	\$ 30,118	\$ 451,747	\$ 19,582	\$ 31,741	\$ 440,126	

Friends of Kenyan Orphans

Statement of Cash Flows

	Years Ended December 31,	
	2024	2023
Cash Flows from Operating Activities		
Changes in net assets	\$ 46,741	\$ 18,069
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Realized and unrealized gain on investments	(10,178)	(32,128)
(Increase) decrease in assets		
Accounts receivable	-	200
Prepaid expenses	(40)	(29)
Increase (decrease) in liabilities		
Accounts payable	(194)	(2,246)
Accrued expenses	76	(1,279)
Net Cash Provided by (Used in) Operating Activities	36,405	(17,413)
Cash Flows from Investing Activities		
Proceeds from sale of investments	421,254	35,931
Purchases of investments	(408,330)	(42,522)
Net Cash Provided by (Used in) Investing Activities	12,924	(6,591)
Net Increase (Decrease) in Cash and Cash Equivalents	49,329	(24,004)
Cash and Cash Equivalents at Beginning of Year	101,998	126,002
Cash and Cash Equivalents at End of Year	\$ 151,327	\$ 101,998

Friends of Kenyan Orphans

Notes to Financial Statements

December 31, 2024 and 2023

Note 1 - Nature of Operations

Friends of Kenyan Orphans (the Organization) is a Michigan not-for-profit corporation, which was formed for the purpose of enhancing the quality of life of orphans in Kenya by raising and granting funds to grass root organizations in Kenya, which provide the basic human rights of food, clothing, shelter, and education in a safe and caring environment.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Organization's financial statement presentation follows the reporting provisions applicable to not-for-profit entities. Under these provisions, the Organization is required to report information regarding its financial position and activities according to two classes of assets: net assets without donor restrictions and net assets with donor restrictions. Net assets are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor restrictions.

Net assets with donor 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers checking, saving, and bank clearing accounts to be cash and cash equivalents.

Note 2 - Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to a concentration of credit risk consist principally of cash. The Organization's cash balances in financial institutions may at times exceed the federally insured limit of \$250,000. The Organization has not experienced any losses, and believes it has limited exposure to significant credit risk. Management regularly monitors the financial institutions, along with its cash balances, in an effort to keep potential risk to a minimum.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are measured at fair value in the statement of financial position. Cash and cash equivalents (money market funds) are carried at cost, which approximates fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the determination of changes in net assets without donor restrictions, unless the income or loss is restricted by donor or law. Restricted investment income is reported as an increase in net assets with donor restrictions depending on the type of restriction.

Revenue Recognition

Contributions

The Organization recognizes contributions when cash, securities or other assets, and unconditional promises to give or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

All contributions are considered to be available for operations, unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Donated or Contributed Investments, Services, or Materials

Donated or contributed investments, services, or materials meeting the criteria for recognition, are reflected in the financial statements as in-kind contributions at their estimated value on the date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at the fair value when received.

Note 2 - Summary of Significant Accounting Policies (continued)

Tax-Exempt Status

The Organization is exempt from federal income taxes under the Internal Revenue Code, Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization, including whether the Organization is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Organization had no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes have been included in the financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before December 31, 2021.

Functional Allocation of Expenses

The cost of providing the Organization's programs and supporting services has been summarized on a functional basis in the statement of activities and changes in net assets and statement of functional expenses - by natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of management and general and fundraising expenses. Expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include printing and copying, office expenses, travel and meetings, and bank fees, which are allocated on the basis of estimates of usage, as well as professional fees/contracted services, which are allocated on the basis of estimates of time and effort.

Advertising

The Organization expenses advertising as incurred. For the years ended December 31, 2024 and 2023, the Organization incurred advertising costs of \$1,544 and \$-0-, respectively.

Donated Services

Volunteers have donated significant amounts of time to the Organization's program services. These services do not meet the criteria for recognition as contributed services, and are not reflected on the accompanying financial statements.

Friends of Kenyan Orphans

Notes to Financial Statements

December 31, 2024 and 2023

Note 3 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor restrictions or other designations limiting their use, within one year of the date of the statement of financial position, comprise the following as of December 31:

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash and cash equivalents	\$ 151,327	\$ 101,998
Investments	<u>464,678</u>	<u>467,424</u>
Total Financial Assets	616,005	569,422
Amounts that are Internally Designated or Externally Restricted		
Cash and cash equivalents subject to donor restrictions	<u>(66,977)</u>	<u>(7,033)</u>
Financial Assets Available to be Used within One Year	<u>\$ 549,028</u>	<u>\$ 562,389</u>

The Organization manages its liquidity by managing its working capital. It has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 4 - Investments

Investments are stated at fair value. The following is a summary of the Organization's investments at December 31:

	<u>2024</u>	<u>2023</u>
Mutual fund, equity funds	\$ 119,803	\$ 215,495
Exchange traded funds	262,356	210,311
Mutual fund, bond funds	-	33,894
Fixed Income	25,012	-
Money market funds	<u>57,507</u>	<u>7,724</u>
	<u>\$ 464,678</u>	<u>\$ 467,424</u>

Friends of Kenyan Orphans

Notes to Financial Statements

December 31, 2024 and 2023

Note 4 - Investments (continued)

The following tables summarize the investment return and its classification in the statement of activities and changes in net assets for the years ended December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
2024			
Dividends and interest, net	\$ 12,078	\$ -	\$ 12,078
Realized/unrealized gains	10,178	-	10,178
	<u>\$ 22,256</u>	<u>\$ -</u>	<u>\$ 22,256</u>
2023			
Dividends and interest, net	\$ 6,593	\$ -	\$ 6,593
Realized/unrealized gains	32,128	-	32,128
	<u>\$ 38,721</u>	<u>\$ -</u>	<u>\$ 38,721</u>

Note 5 - Fair Value of Financial Instruments

The Organization defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. Fair value is a market-based measurement, not an entity-specific measurement, and the Organization sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Fair value measurements are disclosed by level within that hierarchy.

Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to fair value measurement. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

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Notes to Financial Statements

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Note 5 - Fair Value of Financial Instruments (continued)

The tables below present the balances of assets measured at fair value on a recurring basis by level within the fair value hierarchy as of December 31:

Fair Value Measurements at December 31, 2024				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds, Equity				
U.S. Large Cap	\$ 26,136	\$ -	\$ -	\$ 26,136
U.S. Small Cap	17,809	-	-	17,809
International	75,858	-	-	75,858
Exchange Trade Fund				
U.S. Large Cap	98,122	-	-	98,122
U.S. Fixed Income	38,600	-	-	38,600
International	91,395	-	-	91,395
U.S. Small Cap	34,239	-	-	34,239
Fixed Income	25,012	-	-	25,012
Money Markets	57,507	-	-	57,507
	<u>\$ 464,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,678</u>
Fair Value Measurements at December 31, 2023				
Mutual Funds, Equity				
U.S. Large Cap	\$ 40,244	\$ -	\$ -	\$ 40,244
U.S. Small Cap	33,465	-	-	33,465
Real Estate	32,294	-	-	32,294
International	109,492	-	-	109,492
Mutual Funds, Bond				
Convertible bond	33,894	-	-	33,894
Exchange Trade Fund				
U.S. Large Cap	93,353	-	-	93,353
U.S. Fund Long Government	59,881	-	-	59,881
International	57,077	-	-	57,077
Money Markets	7,724	-	-	7,724
	<u>\$ 467,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,424</u>

Note 5 - Fair Value of Financial Instruments (continued)

The following information should not be interpreted as an estimate of the fair value of the Organization since a fair value calculation is only provided for a limited portion of the Organization's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Organization's disclosures and those of other organizations may not be meaningful. The following methods and assumptions were used to estimate the fair values of the Organization's financial instruments:

The carrying amounts of cash and cash equivalents, money markets, receivables, accounts payable, and accrued expenses approximate fair value because of the short maturity of these instruments.

Equities, Mutual Funds, and Exchange Traded Funds: Valued at the market value of shares held by the Organization at year-end.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended December 31, 2024 and 2023, there were no transfers between fair value levels.

Note 6 - Related Party Transactions

The Organization made purchases from a company owned by a board member during the year ended December 31, 2023 for \$12,004, and received in-kind web hosting services of \$500. In September 2023, the aforementioned board member resigned. As a result, the company is no longer considered a related party. For the year ended December 31, 2024, there were no related party transactions.

Note 7 - Net Assets With Donor Restrictions

The Organization's net assets with donor restrictions are restricted for the following purposes as of December 31:

	<u>2024</u>	<u>2023</u>
Higher education options	\$ 55,651	\$ 263
Sponsorships	<u>11,326</u>	<u>6,770</u>
	<u><u>\$ 66,977</u></u>	<u><u>\$ 7,033</u></u>

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Notes to Financial Statements

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Note 8 - In-Kind Contributions

In-kind contributions meeting the requirements for recognition in the statement of activities and changes in net assets consist of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Donated services	<u>\$ 500</u>	<u>\$ 500</u>

Donated services are comprised of website hosting and support provided by a third party. Donated services are reported at the estimated fair value in the financial statements based on current valuation provided by a third party.

Additionally, during the years ended December 31, 2024 and 2023, a substantial number of individual volunteers and businesses have donated significant amounts of time to the Organization's programs, administrative, and fundraising functions. These services do not meet the criteria for recognition as contributed services and are not reflected on the accompanying financial statements.

Note 9 - Subsequent Events

The Organization has evaluated subsequent events through May 7, 2025. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2024 were noted.