

**CAROLINA FOR KIBERA, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**MADDISON & CAISON, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
RALEIGH, NORTH CAROLINA

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Carolina for Kibera, Inc.  
Chapel Hill, NC

**Opinion**

We have audited the accompanying financial statements of Carolina for Kibera, Inc. (a nonprofit organization doing business as CFK Africa), 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 Carolina for Kibera, 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 Carolina for Kibera, Inc. 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 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 Carolina for Kibera, 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, 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 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 Carolina for Kibera, 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 Carolina for Kibera, Inc.'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.

March 31, 2022

*Maddison & Caison, LLP*

CAROLINA FOR KIBERA, INC.  
STATEMENT OF FINANCIAL POSITION  
December 31, 2021

ASSETS	Without Donor Restrictions	With Donor Restrictions	Total
Current assets			
Cash and cash equivalents	\$ 1,198,511	\$ 158,940	\$ 1,357,451
Inventory	2,235	-	2,235
Prepaid expenses	1,118	-	1,118
Total current assets	<u>1,201,864</u>	<u>158,940</u>	<u>1,360,804</u>
Fixed assets			
Computers & equipment	6,575	-	6,575
Website	9,250	-	9,250
Less accumulated depreciation	<u>(5,236)</u>	<u>-</u>	<u>(5,236)</u>
Total fixed assets	<u>10,589</u>	<u>-</u>	<u>10,589</u>
Endowment assets			
Cash and cash equivalents	-	304,997	304,997
Promises to give	-	500,000	500,000
UNC Fund endowment investments	<u>510,191</u>	<u>2,934,714</u>	<u>3,444,905</u>
Total endowment assets	<u>510,191</u>	<u>3,739,711</u>	<u>4,249,902</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,722,644</u></u>	<u><u>\$ 3,898,651</u></u>	<u><u>\$ 5,621,295</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities			
Accounts payable	\$ 5,876	\$ -	\$ 5,876
Payroll liabilities	6,473	-	6,473
Due to Kenya	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Total current liabilities	<u>67,349</u>	<u>-</u>	<u>67,349</u>
Net assets			
Without donor restrictions			
Investment in fixed assets	10,589	-	10,589
Available for operations	1,134,515	-	1,134,515
Board-designated quasi-endowment	<u>510,191</u>	<u>-</u>	<u>510,191</u>
Total net assets without donor restrictions	<u>1,655,295</u>	<u>-</u>	<u>1,655,295</u>
With donor restrictions			
Purpose restrictions	-	158,940	158,940
Time restrictions	-	762,219	762,219
Restricted in perpetuity	<u>-</u>	<u>2,977,492</u>	<u>2,977,492</u>
Total net assets with donor restrictions	<u>-</u>	<u>3,898,651</u>	<u>3,898,651</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,722,644</u></u>	<u><u>\$ 3,898,651</u></u>	<u><u>\$ 5,621,295</u></u>

See accompanying accountant's report.  
See accompanying notes to financial statements.

CAROLINA FOR KIBERA, INC.  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets			
Support and revenues			
Contributions	\$ 781,655	\$ 1,899,182	\$ 2,680,837
Donated securities	-	4,946	4,946
Donated professional services	11,300	-	11,300
Interest income	852	-	852
Investment return - payout	75,755	-	75,755
Unrealized gain on endowment, net	72,433	416,276	488,709
Released from restriction	411,762	(411,762)	-
Total support and revenues	<u>1,353,757</u>	<u>1,908,642</u>	<u>3,262,399</u>
Expenses			
Program expenses	964,269	-	964,269
General and administrative expenses	91,707	-	91,707
Fundraising expenses	24,948	-	24,948
Total expenses	<u>1,080,924</u>	<u>-</u>	<u>1,080,924</u>
Change in net assets	272,833	1,908,642	2,181,475
Net assets, beginning of year	<u>\$ 1,382,462</u>	<u>\$ 1,990,009</u>	<u>\$ 3,372,471</u>
Net assets, end of year	<u>\$ 1,655,295</u>	<u>\$ 3,898,651</u>	<u>\$ 5,553,946</u>

See accompanying accountant's report.  
See accompanying notes to financial statements.

CAROLINA FOR KIBERA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2021

	Program				Total Program	General & Administrative	Fundraising	Total
	Primary Healthcare	Girls Empowerment	Education & Livelihoods	Research & Other				
Salaries	48,670	16,223	16,223	\$ 81,116	162,232	\$ 41,458	\$ 16,274	\$ 219,964
Employee benefits	2,426	809	809	4,043	8,087	2,024	794	10,905
Payroll taxes	3,395	1,132	1,132	5,656	11,315	2,787	1,241	15,343
Grants to Kenya	430,628	45,370	22,090	188,825	686,913	-	-	686,913
Student fellowships	-	-	7,502	-	7,502	-	-	7,502
Professional services	-	-	-	32,350	32,350	17,310	-	49,660
Development fees	-	-	-	-	-	6,000	-	6,000
Travel & lodging	8,213	8,213	8,213	-	24,639	-	2,739	27,378
Marketing & advertising	-	-	-	769	769	-	2,129	2,898
Computer & website	-	-	-	938	938	240	89	1,267
Dues & subscriptions	-	-	-	4,622	4,622	1,187	437	6,246
Supplies	-	-	-	8,544	8,544	327	121	8,992
Insurance	-	-	-	1,765	1,765	453	167	2,385
Rent, parking & utilities	-	-	-	1,281	1,281	329	121	1,731
Telephone	-	-	-	129	129	33	12	174
Printing	-	-	-	9,922	9,922	945	348	11,215
Postage	-	-	-	1,277	1,277	327	121	1,725
Professional development	-	-	-	969	969	249	92	1,310
Meals & meetings	-	-	-	603	603	155	57	815
Fundraising events	-	-	-	-	-	-	167	167
Bank & processing fees	-	-	-	-	-	17,777	-	17,777
Depreciation	-	-	-	412	412	106	39	557
<b>Total expenses</b>	<b>\$ 493,332</b>	<b>\$ 71,747</b>	<b>\$ 55,969</b>	<b>\$ 343,221</b>	<b>\$ 964,269</b>	<b>\$ 91,707</b>	<b>\$ 24,948</b>	<b>\$ 1,080,924</b>

CAROLINA FOR KIBERA, INC.  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2021

Cash flows from operating activities	
Change in net assets	\$ 2,181,475
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	557
Donated securities	(4,946)
Unrealized gain on endowment	(488,709)
Changes in operating assets and liabilities:	
Securities liquidated	4,946
Promises to give	(500,000)
Inventory	(2,235)
Prepaid expenses	(1,118)
Accounts payable	(20,965)
Payroll liabilities	(60)
Due to Kenya	55,000
Net cash provided by operating activities	<u>1,223,945</u>
Cash flows from investing activities	
Purchases of units in UNC Fund	(1,175,755)
Purchases of fixed assets	<u>(9,250)</u>
Net cash used by investing activities	<u>(1,185,005)</u>
Increase in cash and cash equivalents	38,940
Cash and cash equivalents, beginning of year	<u>1,623,508</u>
Cash and cash equivalents, end of year	<u>\$ 1,662,448</u>
Reported on the statement of financial position as:	
Without donor restrictions	\$ 1,198,511
With donor restrictions	158,940
With donor restrictions - endowment	<u>304,997</u>
Total cash and cash equivalents	<u>\$ 1,662,448</u>

CAROLINA FOR KIBERA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 1 – Organizational Purpose and Major Programs

Carolina for Kibera, Inc. (CFK Africa or CFK) is a North Carolina nonprofit organization incorporated in 2001 and headquartered in Chapel Hill, North Carolina. CFK Africa improves public health and economic prosperity in informal settlements, combining public service with responsible research to inform and assist participatory development in Kenya and other informal settlements globally. CFK's revenues consist primarily of contributions from the general public and investment income.

CFK's major program activities include the following:

**Primary Healthcare**

CFK operates four healthcare facilities: Tabitha Medical Clinic, Lishe Bora Nutrition Centre, Young Health and Wellness Centre, and Tabitha Maternity Home, as well as a community health outreach program to meet the diverse needs of the Kibera community in Kenya. Community Health Volunteers (CHVs) take health education directly to residents' homes, acting as a bridge between the facilities and the community, conducting home-based health screenings, referring residents to clinics for vital healthcare services, and conducting follow-up visits with patients.

**Education and Livelihoods**

CFK supports education both in and out of the classroom, providing young people with opportunities for academic and economic success and development. Through four projects, CFK provides scholarships to cover school fees, identifies cost-effective best practices to improve student attendance and progress, helps students develop work readiness and entrepreneurial skills, and promotes peace, unity, and equality through sports.

**Girls Empowerment**

CFK supports adolescent girls and young women through a dual strategy of mentorship and advocacy, using male involvement as an auxiliary approach to help promote gender equity. Recognizing females face unique challenges, CFK builds self-agency among program participants, provides them with access to a support and accountability system, and encourages them to develop and use their voices and practice leadership, creating strong sisterhoods. In partnership with the Adelle Onyango Initiative, CFK has developed a long-term group therapy program for survivors of sexual and gender-based violence.

**Research**

CFK generates data that improves lives through community-based research and collaborations with universities and research institutions. From monitoring for infectious disease outbreaks to improving education quality through evidence-based best practices, research helps identify pressing issues and inform responsible solutions. Community input and regular monitoring and evaluation led by CFK staff drive program development, guide implementation, inform program adaptations, and help us determine program success.

Note 2 – Significant Accounting Policies

**Basis of Accounting**

The financial statements of CFK are prepared on the accrual basis of accounting. Accordingly, contributions and revenues are reported as earned rather than as collected, and expenses are recorded as incurred rather than as paid.



CAROLINA FOR KIBERA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 2 – Significant Accounting Policies (continued)

**Basis of Presentation**

CFK's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (ASC) 958, *Not-for-Profit Entities*.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, CFK considers all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents.

**Promises to Give**

Donor promises to give that are unconditional, firm commitments are recorded as receivables and revenue at the time the promise is made. As of December 31, 2021, CFK determined that all outstanding promises to give were collectible, and therefore, no allowance has been recorded.

**Investments**

Investments consist of units in the University of North Carolina Investment Fund, LLC (UNC Fund) and are reported at fair value in the statement of financial position. Investment income is reported in the statement of activities net of investment fees. Investment fees for the year ended December 31, 2021 totaled \$3,657.

**Property and Equipment**

Property and equipment are recorded at cost if purchased or, if donated, at fair market value on the date of donation. Assets costing over \$500 are capitalized. Depreciation is computed using the straight-line method over the asset's estimated useful life, typically five years for computers and three years for software and website assets.

**Net Assets**

Net assets and revenues received are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – net assets available for use in general operations and not subject to donor restrictions.

*Net assets with donor restrictions* – net assets subject to donor-imposed restrictions that are temporary or perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed and/or when the stipulated purpose for which the resource was restricted has been fulfilled.

**Contributions**

All contributions are considered to be for unrestricted purposes unless specifically restricted by the donor. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

CAROLINA FOR KIBERA, INC.  
NOTES TO FINANCIAL STATEMENTS  
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Note 2 – Significant Accounting Policies (continued)

**Donated Services**

Donated services are only recorded for those which require specialized skills. As of December 31, 2021, CFK recorded \$11,300 in donated legal services. Additionally, CFK's board of directors and a substantial number of volunteers make significant contributions of their time in carrying out CFK's various programs and initiatives. These contributed services are not recorded as they do not meet the definition for recording or disclosure under current standards.

**Functional Allocation of Expenses**

The costs of program and supporting services of CFK have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program, general and administrative, and fundraising functions benefited.

**Use of Estimates**

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

Note 3 – Liquidity and Availability

Financial assets without donor or other restrictions limiting their use that are available for general expenditure within one year of December 31, 2021 are as follows:

Cash and cash equivalents	\$ 1,662,448
Promises to give	500,000
Endowment investments	3,444,905
Less agency funds	(55,000)
Less board designated	(510,191)
Less donor restricted	<u>(3,898,651)</u>
Total	<u>\$ 1,143,511</u>

Management believes these assets are sufficient to provide for operations in the coming year as CFK will operate under a balanced budget for 2022. To help manage liquidity, management regularly prioritizes expenditures and adheres to a detailed monthly budget plan.

Note 4 – Concentrations of Risk

Cash balances are maintained on deposit at a local financial institution in CFK's accounts, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, CFK maintains cash balances within the UNC Fund, which are uninsured by the FDIC, but are backed in policy and in practice by the State of North Carolina. At December 31, 2021, CFK's uninsured cash balances totaled \$577,413. CFK believes there is minimal risk regarding its cash and cash equivalents.

CAROLINA FOR KIBERA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 4 – Concentrations of Risk (continued)

CFK received gifts from a single donor in 2021 that represented 34% of CFK's total support and revenue for the year ended December 31, 2021.

Note 5 – UNC Fund Investments

Investments are comprised solely of units in the UNC Fund external investment pool. The UNC Fund's purpose is to acquire, hold, and dispose of property for investment purposes on behalf of its members. Its members include The University of North Carolina and its constituent institutions and their affiliated endowments and tax-exempt foundations, one of which is CFK. CFK invests with the UNC Fund because it allows CFK to pool its resources and invest collectively in opportunities achieving better economies of scale.

CFK's funds are invested in various securities through separate accounts and commingled investment vehicles. While CFK retains all ownership rights to the assets, the UNC Fund is responsible for all investment decisions, selecting managers, asset allocation, custodian selection, rebalancing procedures, and performance reporting according to the UNC Fund's investment policy. The ultimate responsibility for managing the cash and investments of CFK's endowment fund, however, rests with CFK's board of directors.

**Investment and Performance Objectives** – The UNC Fund follows a policy to maintain a diversified portfolio designed to achieve the overall goal of earning an average annual return of at least 5.5% plus inflation per year, net of all fees over rolling five and ten-year periods.

**Asset Mix** – The UNC Fund invests in a wide array of asset classes and strategies, as defined by its Strategic Investment Policy Portfolio established by its board. The UNC Fund reported the following asset class targets as of its most recent reporting date of June 30, 2021:

<u>Asset Class</u>	<u>Strategic Target</u>	<u>Range</u>
Long equity	30%	24-30%
Long/short equity	15%	10-20%
Diversifying strategies	10%	6-14%
Fixed income	9%	5-14%
Cash	2%	-2-8%
Private equity	22%	17-27%
Real estate	8%	5-12%
Energy and natural resources	4%	2-8%

Investments in the UNC Fund pool are comprised solely of ownership interests (Units or Membership Interests) in the Fund. Ownership interests of the UNC Fund are determined on a market unit valuation basis each month and in accordance with the UNC Fund's operating procedures as the unit price fluctuates with changes in the fair market value of the underlying securities and other assets held by the UNC Fund. The terms of redemption of ownership interests require at least 90 days prior written notice. CFK may redeem all or a portion of its units and receive the full balance of its withdrawal request over eight consecutive fiscal quarters.

CAROLINA FOR KIBERA, INC.  
NOTES TO FINANCIAL STATEMENTS  
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Note 5 – UNC Fund Investments (continued)

**Risk Exposures** – CFK’s investments with the UNC Fund have the following risk exposures:

- (1) Interest Rate Risk: Interest rate risk is the risk an entity may face should interest rate variances affect the fair value of investments. In order to assess its interest rate risk, the UNC Fund considers the maturity of timeframes for debt securities in their portfolio. The highest concentrations of the debt securities that are subject to interest rate risk are less than a year followed by more than 10 years.
- (2) Credit Risk: Credit risk is the risk that a counter party to an investment will not fulfill its obligations. Credit risk is generally gauged via judgmental assessments by major independent ratings agencies for applicable debt securities. The UNC Fund seeks investments subject to credit risk that have AAA ratings.
- (3) Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The UNC Fund has exposure to foreign currency risk as it seeks a Global to US investment balance of 70/30. Changes in foreign currency exchange rates are monitored on a regular basis. If the foreign currency risk is deemed substantial, changes to the makeup of the portfolio may be implemented to reduce the potential impact of this risk.

As of December 31, 2021, cost and fair market value of CFK’s UNC Fund investments were as follows:

Investments at cost	\$ 2,550,561
Cumulative unrealized gain	894,344
Investments at fair market value	<u>\$ 3,444,905</u>

Note 6 – Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This statement establishes a fair value hierarchy regarding the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

CAROLINA FOR KIBERA, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2021

Note 6 – Fair Value Measurements (continued)

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) of identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

As of December 31, 2021, the fair value of CFK's investments in the UNC Fund measured on a recurring basis are classified as follows:

	Fair Value	Level 1	Level 2	Level 3
Units in UNC Fund	\$ 3,444,905	\$ -	\$ 3,444,905	\$ -

Note 7 – Net Assets Without Donor Restrictions

Net assets without donor restrictions include board designated amounts invested with the UNC Fund. These board designated, quasi-endowment funds, including the net investment earnings on these funds, may be released from designation at any time by action of the board. It is the board's intention to maintain these funds long-term to meet future opportunities or needs. Therefore, they have been excluded from current assets available for operations.

Net assets without donor restrictions as of December 31, 2021 are reported as follows:

Investment in fixed assets	\$ 10,589
Available for operations	1,134,515
Board designated, quasi-endowment principal	378,066
Investment earnings, net of fees, on quasi-endowment funds	132,125
Total net assets without donor restrictions	\$ 1,655,295

Note 8 – Net Assets With Donor Restrictions and Endowment Fund Reporting

Net assets with donor restrictions include gifts of principal to CFK's endowment fund that have been restricted by donors in perpetuity. In addition, unappropriated net investment earnings on these perpetually restricted gifts are considered to have donor restrictions as to time. In addition, net assets with donor restrictions include gifts restricted by donors as to purpose.

CAROLINA FOR KIBERA, INC.  
NOTES TO FINANCIAL STATEMENTS  
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Note 8 – Net Assets With Donor Restrictions and Endowment Fund Reporting (continued)

Net assets with donor restrictions as of December 31, 2021 are reported as follows:

Restricted as to purpose		
Primary healthcare - Tabitha Maternity Centre	\$	101,379
Girls Empowerment Project		100
Education and livelihoods		16,961
Research and other		40,500
Restricted as to time		
General operations - net investment earnings		762,219
Perpetually restricted		
General operations		2,172,745
Lux Sit Scholarship Fund		304,747
Scholarships		500,000
Total net assets with donor restrictions	<u>\$</u>	<u>3,898,651</u>

CFK follows North Carolina G.S. 116, Chapter 36E, *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) with regard to its perpetually restricted endowment funds. The board of directors interprets UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of these funds absent explicit donor stipulations to the contrary. As a result of this interpretation and subject to the donor restrictions, CFK retains in perpetuity (a) the original value of permanent gifts to the endowment fund, (b) the original value of subsequent permanent gifts to the fund, and (c) accumulations to the fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

As of December 31, 2021, CFK maintained the following perpetually restricted endowment funds subject to UPMIFA, and for the year ended December 31, 2021, reported the following activity:

	<u>Perpetually Restricted Corpus</u>		
	<u>UNC Fund</u>	<u>Other Assets</u>	<u>Total</u>
Endowment assets as of December 31, 2020	\$ 1,172,495	\$ -	\$ 1,172,495
Contributions	1,000,250	804,747	1,804,997
Reinvested UNC Fund payout	-	-	-
Unrealized gains	-	-	-
Fees	-	-	-
Endowment assets as of December 31, 2021	<u>\$ 2,172,745</u>	<u>\$ 804,747</u>	<u>\$ 2,977,492</u>

CAROLINA FOR KIBERA, INC.  
NOTES TO FINANCIAL STATEMENTS  
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Note 8 – Net Assets With Donor Restrictions and Endowment Fund Reporting (continued)

As of December 31, 2021, CFK maintained the following investment earnings restricted as to time in its endowment fund, and for the year ended December 31, 2021, reported the following activity:

	<u>Time Restricted Investment Earnings</u>		
	<u>UNC Fund</u>	<u>Other Assets</u>	<u>Total</u>
Endowment assets as of December 31, 2020	\$ 345,944	\$ -	\$ 345,944
Contributions	-	-	-
Reinvested UNC Fund payout	-	-	-
Unrealized gains	419,390	-	419,390
Fees	<u>(3,115)</u>	<u>-</u>	<u>(3,115)</u>
Endowment assets as of December 31, 2021	<u>\$ 762,219</u>	<u>\$ -</u>	<u>\$ 762,219</u>

As of December 31, 2021, CFK maintained the following unrestricted board designated (quasi-endowment) balances in its endowment fund, and for the year ended December 31, 2021, reported the following activity:

	<u>Unrestricted Board Designated</u>		
	<u>UNC Fund</u>	<u>Other Assets</u>	<u>Total</u>
Endowment assets as of December 31, 2020	\$ 262,003	\$ -	\$ 262,003
Contributions	100,000	-	100,000
Reinvested UNC Fund payout	75,755	-	75,755
Unrealized gains	72,975	-	72,975
Fees	<u>(542)</u>	<u>-</u>	<u>(542)</u>
Endowment assets as of December 31, 2021	<u>\$ 510,191</u>	<u>\$ -</u>	<u>\$ 510,191</u>

In summary, as of December 31, 2021, CFK maintained the following total endowment assets, and for the year ended December 31, 2021, reported the following total activity:

	<u>Total Endowment Assets</u>		
	<u>UNC Fund</u>	<u>Other Assets</u>	<u>Total</u>
Endowment assets as of December 31, 2020	\$ 1,780,442	\$ -	\$ 1,780,442
Contributions	1,100,250	804,747	1,904,997
Reinvested UNC Fund payout	75,755	-	75,755
Unrealized gains	492,365	-	492,365
Fees	<u>(3,657)</u>	<u>-</u>	<u>(3,657)</u>
Endowment assets as of December 31, 2021	<u>\$ 3,445,155</u>	<u>\$ 804,747</u>	<u>\$ 4,249,902</u>

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Note 8 – Net Assets With Donor Restrictions and Endowment Fund Reporting (continued)

CFK's total endowment assets are reflected on the statement of financial position as:

Cash and cash equivalents	\$ 304,997
Promises to give	500,000
UNC Fund endowment investments	<u>3,444,905</u>
Endowment assets as of December 31, 2021	<u>\$ 4,249,902</u>

Note 9 – Functionalized Expenses

Certain expenses in these financial statements are attributable to more than one program or supporting function. Under Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, these expenses must be allocated over functional categories on a reasonable basis that is consistently applied. Accordingly, management has allocated salaries and related taxes and benefits based on an analysis of staff time and efforts. This analysis is also the basis for the indirect allocation of the following expenses: computer and website, dues and subscriptions, supplies, insurance, rent, parking, and utilities, telephone, printing, postage, professional development, meal and entertainment, and depreciation. Other expenses have been analyzed and allocated directly on an invoice by invoice basis, including grants to Kenya. CFK's board of directors and other organization partners volunteer substantial time to CFK's fundraising activities.

Note 10 – Income Taxes and Uncertain Tax Positions

CFK is a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been recorded on the financial statements.

CFK has evaluated its tax positions as of December 31, 2021 and believes they exceed the "more likely than not" standard set by FASB ASC 740-10, *Simplifying the Accounting for Income Taxes*. Consequently, it has not recorded a liability for any potentially imposed taxes or any potentially unrecognized tax benefits.

Note 11 – Affiliated Entities

CFK is affiliated with the University of North Carolina at Chapel Hill. Under an administrative services agreement, the University provides certain office expenses, office space, investment management services, and accounting services for \$6,000 per year. CFK must maintain its State of North Carolina nonprofit and tax-exempt status, conduct activities that are in line with the mission of the University, and follow the University's accounting policies, which include having an annual audit performed.



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Note 11 – Affiliated Entities (continued)

CFK is also affiliated with a nonprofit partner Kenyan organization that bears the CFK name and shares the CFK mission. After review and evaluation, CFK fulfills grant requests from CFK in Kenya, provides mentoring and leadership development, and maintains a close affiliation with CFK in Kenya to monitor the use of grant funds and to achieve efficiencies in carrying out program activities. CFK staff and volunteers regularly travel to Kenya, and Kenyan CFK leaders regularly travel to the United States in the maintenance of this affiliation. For the year ended December 31, 2021, CFK provided \$694,177 in support and grants to CFK in Kenya. CFK in Kenya obtains an annual audit under Kenyan auditing standards issued by the Institute of Certified Public Accountants of Kenya (ICPAK).

CFK from time to time also acts as CFK in Kenya's custodial agent in receiving and remitting certain foundation grants on behalf of CFK in Kenya as a convenience. For the year ended December 31, 2021, CFK remitted \$38,125 in pass-through foundation grants, and as of December 31, 2021, CFK reported \$55,000 of pass-through funds on hand to remit to CFK in Kenya.

Note 12 – Uncertainties and Subsequent Events

CFK has evaluated subsequent events through March 31, 2022, the date on which the financial statements were available to be issued. Consideration has been given to the actual as well as the uncertain effects of the COVID-19 pandemic on CFK's financial position and the changes in its net assets and its cash flows after December 31, 2021, through March 31, 2022, and thereafter.

In CFK's judgment, the COVID-19 pandemic does not present an existential threat to CFK itself, and further, management has determined that conditions are not such that there is substantial doubt about CFK's ability to operate for another twelve months from March 31, 2022. It is reasonably possible that estimates related to the uncertainties surrounding the COVID-19 pandemic will change within one year of the date of the financial statements due to one or more confirming events and that the effect of the change would be material to the financial statements.