

UPENDO VILLAGE, NFP
FINANCIAL STATEMENTS
AS OF JUNE 30, 2012 AND 2011
TOGETHER WITH AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

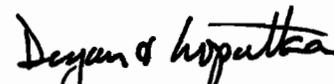
To the Board of Directors of
Upendo Village, NFP:

We have audited the accompanying statement of assets, liabilities and net assets - cash basis of Upendo Village, NFP (a non-profit organization) as of June 30, 2012 and 2011, and the related statement of support, revenue and expenses - cash basis for the years then ended. These financial statements are the responsibility of Upendo Village, NFP's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, Upendo Village, NFP prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets - cash basis of Upendo Village, NFP as of June 30, 2012 and 2011 and its support, revenue, and expenses - cash basis for the years then ended, on the basis of accounting described in Note 1.


DUGAN & LOPATKA

Wheaton, Illinois
November 15, 2012

UPENDO VILLAGE, NFP
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
JUNE 30, 2012 AND 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
CASH AND CASH EQUIVALENTS:		
Unrestricted	\$ 154,375	\$ 176,722
Temporarily restricted	178,628	107,090
Held for others	-	23,575
	<u> </u>	<u> </u>
Total assets	<u>\$ 333,003</u>	<u>\$ 307,387</u>
 <u>LIABILITIES AND NET ASSETS</u>		
AGENCY FUND	<u>\$ -</u>	<u>\$ 23,575</u>
 NET ASSETS:		
Unrestricted	154,375	176,722
Temporarily restricted	178,628	107,090
	<u> </u>	<u> </u>
	<u>333,003</u>	<u>283,812</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 333,003</u>	<u>\$ 307,387</u>

The accompanying notes are an integral part of this statement.

UPENDO VILLAGE, NFP
STATEMENT OF SUPPORT, REVENUE AND EXPENSES - CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012		2011		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
SUPPORT AND REVENUE:					
Capital campaign	\$ -	\$ 100,491	\$ 100,491	\$ 74,200	\$ 74,200
Child education	-	132,325	132,325	109,511	109,511
Income generating activity	-	22,330	22,330	24,013	24,013
Corporate contributions	3,730	-	3,730	6,681	6,681
Grants	65,800	10,000	75,800	15,000	65,000
Individual donations	32,708	54,386	87,094	104,260	216,634
Mission appeals	81,141	-	81,141	50,812	50,812
Fundraisers	71,930	-	71,930	44,736	44,736
In-kind contributions	160,006	-	160,006	175,667	175,667
Interest income	994	-	994	744	744
Net assets released from restrictions	247,994	(247,994)	-	(274,555)	-
Total support and revenue	664,303	71,538	735,841	52,429	767,998
EXPENSES:					
Administrative -					
Printing	7,831	-	7,831	5,501	5,501
Travel	8,123	-	8,123	6,000	6,000
General	6,864	-	6,864	6,312	6,312
Professional services	56,428	-	56,428	11,089	11,089
Volunteer services	148,226	-	148,226	138,426	138,426
Capital campaign feasibility study	-	-	-	29,386	29,386
Capital campaign	63,756	-	63,756	64,201	64,201
Program services -					
Upendo Village Kenya	395,422	-	395,422	426,179	426,179
Total expenses	686,650	-	686,650	687,094	687,094
CHANGE IN NET ASSETS	(22,347)	71,538	49,191	28,475	80,904
NET ASSETS, Beginning of year	176,722	107,090	283,812	148,247	202,908
NET ASSETS, End of year	\$ 154,375	\$ 178,628	\$ 333,003	\$ 176,722	\$ 283,812

The accompanying notes are an integral part of this statement.

UPENDO VILLAGE, NFP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities -

Upendo Village, NFP (Upendo), is a not-for-profit corporation, which was organized to assist the Wheaton Franciscan Sisters and the Assumption Sisters of Nairobi in their mission of bringing love, life and hope to Kenyans living with HIV/AIDS in the area of Naivasha Town, Kenya. Upendo Village, NFP assists with expertise, oversight and fund development.

The financial statements were available to be issued on November 15, 2012, with subsequent events being evaluated through this date.

The following summarizes the significant accounting policies and practices reflected in the accompanying financial statements:

Basis of Accounting -

The financial statements have been prepared on the cash basis of accounting. The cash basis of accounting recognizes income when received rather than when earned and expenses when paid rather than when incurred.

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC). Under the ASC, Upendo is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents -

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

Credit Risk -

Financial instruments which potentially subject Upendo to concentrations of credit risk consist principally of cash. Upendo places its cash and deposits with high credit quality financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At June 30, 2012, Upendo had no cash balances exceeding the FDIC limit.

Restricted Resources -

Upendo reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of support, revenue and expenses as net assets released from restrictions.

Reclassification -

Certain prior year amounts have been reclassified to conform to the current year presentation.

(2) INCOME TAXES:

Upendo is a not-for-profit organization that is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

Upendo files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, Upendo is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2008. Upendo does not expect a material net change in unrecognized tax benefits in the next twelve months.

(3) IN-KIND GIFTS AND DONATED SERVICES:

In-kind donations are recognized as contributions in accordance with the Accounting Standards Codification (ASC) for *Accounting for Contributions Received and Contributions Made*, if the services, a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Upendo. Contributed services and expenses have been recorded, based on their estimated fair market value, on the date of contribution as follows:

	<u>2012</u>	<u>2011</u>
In-kind contributions	\$ <u>160,006</u>	\$ <u>175,667</u>
In-kind expenses - Capital campaign	\$ 11,780	\$ 37,241
- Services	<u>148,226</u>	<u>138,426</u>
	\$ <u>160,006</u>	\$ <u>175,667</u>

Upendo is also supported by in-kind services received from individual and organizational volunteers. The estimated value of these services is not reflected in the financial statements as they do not meet the requirements to be recorded.

(4) TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets at June 30, 2012 and 2011 were available for the following purposes:

	<u>2012</u>	<u>2011</u>
Construction	\$ 106,555	\$ 48,040
Computers	-	1,231
Child education	63,037	54,792
Income generating activities	1,514	1,060
Photo Club	-	441
Recovery Fund	522	1,526
Vehicles	6,200	-
Lab equipment	500	-
Other	<u>300</u>	<u>-</u>
Temporarily restricted net assets	\$ <u>178,628</u>	\$ <u>107,090</u>

(4) TEMPORARILY RESTRICTED NET ASSETS: (Continued)

During 2012 and 2011, net assets were released in the total amounts of \$247,994 and \$274,555, respectively, for various projects and services.

(5) CONCENTRATION:

Upendo disbursed approximately 75% and 83% of funds received to ASN Upendo Village in fiscal years ended June 30, 2012 and 2011, respectively. Without the capital campaign expenses, Upendo disbursed approximately 83% and 94% of funds received to ASN Upendo Village in fiscal years ended June 30, 2012 and 2011, respectively. Upendo exists primarily to raise funds for ASN Upendo Village, which is reflected in these concentrations.

(6) PASS-THROUGH FUNDS:

As of fiscal year ended June 30, 2011, \$23,575 was received on behalf of a Kenyan hospital for the addition of a microbiology lab. The donation was for the sole purpose of being distributed to the Kenyan hospital; Upendo serves as a method to facilitate the transfer of the funds. As such, the amount was excluded from donations to Upendo and appears solely on the balance sheet. The Board of Directors has determined this practice will not be allowed for future projects.