

UPENDO VILLAGE, NFP

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2017 AND 2016**

TOGETHER WITH AUDITOR'S REPORT

Dugan & Lopatka

Certified Public Accountants & Consultants
A Professional Corporation
104 East Roosevelt Road
Wheaton, Illinois 60187
(630) 665-4440
Fax (630) 665-5030
www.duganlopatka.com
e-mail: info@duganlopatka.com

Michael J. Dugan
Jerry L. Lopatka
Mark F. Schultz
Peter J. Zich
Leo M. Misdom

Karen M. Olson
Hugh E. Elliott
Ronald A. Marklund

Gwen S. Henry

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Upendo Village, NFP:

We have audited the accompanying financial statements of Upendo Village, NFP, which comprise the statement of assets, liabilities and net assets - cash basis as of June 30, 2017 and 2016, and the related statement of support, revenue and expenses - cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors of
Upendo Village, NFP
Page two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Upendo Village, NFP as of June 30, 2017 and 2016, and its support, revenue and expenses and changes in net assets for the years then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.


DUGAN & LOPATKA

Wheaton, Illinois
September 8, 2017

UPENDO VILLAGE, NFP
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CASH AND CASH EQUIVALENTS:		
Unrestricted	\$ 51,220	\$ 161,587
Temporarily restricted	<u>146,926</u>	<u>253,544</u>
Total assets	<u>\$ 198,146</u>	<u>\$ 415,131</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Sales tax	<u>\$ 23</u>	<u>\$ 34</u>
NET ASSETS:		
Unrestricted	51,197	161,553
Temporarily restricted	<u>146,926</u>	<u>253,544</u>
Total net assets	<u>198,123</u>	<u>415,097</u>
Total liabilities and net assets	<u>\$ 198,146</u>	<u>\$ 415,131</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, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Capital campaign	\$ -	\$ 5,110	\$ 5,110	\$ -	\$ 183,508	\$ 183,508
Child education	-	155,205	155,205	-	163,211	163,211
Income generating activity	-	16,939	16,939	-	28,714	28,714
Corporate contributions	5,661	-	5,661	8,296	-	8,296
Fundraisers	78,920	-	78,920	189,193	-	189,193
Grants	30,000	-	30,000	62,600	-	62,600
Individual donations	72,354	117,529	189,883	57,519	2,830	60,349
Religious organizations	60,017	-	60,017	59,930	-	59,930
In-kind contributions	75,480	-	75,480	75,173	-	75,173
Interest income	1,280	-	1,280	449	-	449
Net assets released from restrictions	401,401	(401,401)	-	278,885	(278,885)	-
Total support and revenue	725,113	(106,618)	618,495	732,045	99,378	831,423
EXPENSES:						
Administrative -						
Professional services	103,204	-	103,204	94,778	-	94,778
Fundraising events	3,479	-	3,479	34,710	-	34,710
Legal	13,522	-	13,522	-	-	-
Printing	5,155	-	5,155	2,839	-	2,839
Travel	5,135	-	5,135	12,210	-	12,210
General	7,363	-	7,363	8,963	-	8,963
Volunteer services	75,480	-	75,480	75,173	-	75,173
Program services -						
Upendo Village Kenya	622,131	-	622,131	510,774	-	510,774
Total expenses	835,469	-	835,469	739,447	-	739,447
CHANGE IN NET ASSETS	(110,356)	(106,618)	(216,974)	(7,402)	99,378	91,976
NET ASSETS, Beginning of year	161,553	253,544	415,097	168,955	154,166	323,121
NET ASSETS, End of year	\$ 51,197	\$ 146,926	\$ 198,123	\$ 161,553	\$ 253,544	\$ 415,097

The accompanying notes are an integral part of this statement.

UPENDO VILLAGE, NFP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

(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, Kenya. Upendo assists with expertise, oversight and fund development.

The financial statements were available to be issued on September 8, 2017, 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, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the cash basis of accounting, revenues are recognized when received and expenses are recognized when paid.

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, 2017, 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.

(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. 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 2013. 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>2017</u>	<u>2016</u>
In-kind contributions	\$ <u>75,480</u>	\$ <u>75,173</u>
In-kind expenses - Services	\$ <u>75,480</u>	\$ <u>75,173</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, 2017 and 2016 were available for the following purposes:

	<u>2017</u>	<u>2016</u>
Buildings and equipment	\$ 4,060	\$ 90,932
Child education	136,896	133,416
Income generating activities	5,393	6,169
Baby formula	-	22,350
Other	<u>577</u>	<u>677</u>
Temporarily restricted net assets	\$ <u>146,926</u>	\$ <u>253,544</u>

During 2017 and 2016, net assets were released in the total amounts of \$401,401 and \$278,885, respectively, for various projects and services.

(5) CONCENTRATION:

Upendo disbursed approximately 82% and 81% of funds received to ASN Upendo Village in fiscal years ended June 30, 2017 and 2016, respectively. Upendo exists primarily to raise funds for ASN Upendo Village, which is reflected in these concentrations.