

MAASAI GIRLS EDUCATION FUND

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2015 AND 2014



**Halt Buzas &
Powell, LTD**

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Maasai Girls Education Fund
Washington, D.C.

We have audited the accompanying financial statements of Maasai Girls Education Fund (the Organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015 and 2014, 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.

Halt, Buzas & Powell, Ltd.

Alexandria, Virginia

April 5, 2016

MAASAI GIRLS EDUCATION FUND
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|---|-------------------|-------------------|
| ASSETS | | |
| Cash | \$ 135,281 | \$ 148,585 |
| Grants receivable | 2,929 | - |
| Investment, common stock | - | 4,944 |
| Prepaid expenses | 224 | 76 |
| Total assets | \$ 138,434 | \$ 153,605 |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable and accrued expenses | \$ 9,494 | \$ 10,404 |
| Net assets: | | |
| Unrestricted | 86,199 | 93,677 |
| Temporarily restricted | 42,741 | 49,524 |
| Total net assets | 128,940 | 143,201 |
| Total liabilities and net assets | \$ 138,434 | \$ 153,605 |

See accompanying notes to the financial statements.

MAASAI GIRLS EDUCATION FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

| | Unrestricted | Temporarily Restricted | Total |
|--|--------------|---------------------------|------------|
| Revenues: | | | |
| Contributions and grants | \$ 135,881 | \$ 72,587 | \$ 208,468 |
| In-kind contributions | 19,800 | - | 19,800 |
| Other income | 1,750 | - | 1,750 |
| Interest income | 202 | - | 202 |
| Realized loss on investments | (219) | - | (219) |
| Net assets released from restrictions: | | | |
| Satisfaction of donor restrictions | 79,370 | (79,370) | - |
| Total revenues | 236,784 | (6,783) | 230,001 |
| Expenses: | | | |
| Program services | 202,358 | - | 202,358 |
| Support services: | | | |
| Management and general | 20,870 | - | 20,870 |
| Fundraising | 21,034 | - | 21,034 |
| Total support services | 41,904 | - | 41,904 |
| Total expenses | 244,262 | - | 244,262 |
| Change in net assets | (7,478) | (6,783) | (14,261) |
| Net assets, beginning of year | 93,677 | 49,524 | 143,201 |
| Net assets, end of year | \$ 86,199 | \$ 42,741 | \$ 128,940 |

See accompanying notes to the financial statements.

MAASAI GIRLS EDUCATION FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-------------------|
| Revenues: | | | |
| Contributions and grants | \$ 129,436 | \$ 72,306 | \$ 201,742 |
| In-kind contributions | 30,909 | - | 30,909 |
| Interest income | 247 | - | 247 |
| Unrealized gain on investments | 751 | - | 751 |
| Net assets released from restrictions: | | | |
| Satisfaction of donor restrictions | <u>89,101</u> | <u>(89,101)</u> | <u>-</u> |
| Total revenues | <u>250,444</u> | <u>(16,795)</u> | <u>233,649</u> |
| Expenses: | | | |
| Program services | <u>184,294</u> | <u>-</u> | <u>184,294</u> |
| Support services: | | | |
| Management and general | 50,248 | - | 50,248 |
| Fundraising | <u>26,940</u> | <u>-</u> | <u>26,940</u> |
| Total support services | <u>77,188</u> | <u>-</u> | <u>77,188</u> |
| Total expenses | <u>261,482</u> | <u>-</u> | <u>261,482</u> |
| Change in net assets | (11,038) | (16,795) | (27,833) |
| Net assets, beginning of year | <u>104,715</u> | <u>66,319</u> | <u>171,034</u> |
| Net assets, end of year | <u>\$ 93,677</u> | <u>\$ 49,524</u> | <u>\$ 143,201</u> |

See accompanying notes to the financial statements.

MAASAI GIRLS EDUCATION FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|--|--------------------|--------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ <u>(14,261)</u> | \$ <u>(27,833)</u> |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Unrealized gain on investments | - | (751) |
| Realized loss on investment | 219 | - |
| Decrease (increase) in assets: | | |
| Contributions receivable | - | 187 |
| Grants receivable | (2,929) | - |
| Prepaid expenses | (148) | (76) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | <u>(910)</u> | <u>(4,890)</u> |
| Total adjustments | <u>(3,768)</u> | <u>(5,530)</u> |
| Net cash used in operating activities | <u>(18,029)</u> | <u>(33,363)</u> |
| Cash flows from investing activities: | | |
| Reinvestment of interest income | - | (63) |
| Proceeds from sales of investments | <u>4,725</u> | <u>-</u> |
| Net cash provided by (used in) investing activities | <u>4,725</u> | <u>(63)</u> |
| Net decrease in cash | (13,304) | (33,426) |
| Cash, beginning of year | <u>148,585</u> | <u>182,011</u> |
| Cash, end of year | <u>\$ 135,281</u> | <u>\$ 148,585</u> |

See accompanying notes to the financial statements.

MAASAI GIRLS EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Organization

The Maasai Girls Education Fund (the Organization) is a nonprofit organization incorporated under the laws of Washington, D.C. and established exclusively for charitable purposes. The Organization helps improve the literacy, health and economic well-being of Maasai women, their families, and their communities in Kenya through education. To achieve this goal, the Organization is working to increase the number of girls who are enrolled in school by providing access to education for those who would otherwise not be able to enroll in school and to ensure that all will be able to continue their education until they are prepared to enter the workforce in Kenya. At the same time, the Organization is working to educate the community about the economic and social benefits of educating girls and to provide business training to rural Maasai women.

2. Summary of significant accounting policies

Basis of presentation

The Organization's financial statements are presented in accordance with generally accepted accounting principles for nonprofit organizations. Under those principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets represent resources that are not subject to donor imposed stipulations and are available for operations at management's discretion.

Temporarily Restricted Net Assets represent resources restricted by donors as to purpose or by the passage of time.

Permanently Restricted Net Assets represent resources whose use by the Organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of the Organization. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

The Organization has no permanently restricted net assets at June 30, 2015 and 2014.

MAASAI GIRLS EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Basis of accounting

The Organization's financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when obligations are incurred.

Use of estimates

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

Fair value measurements

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs used to measure fair value are categorized as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3 - unobservable inputs which are typically based on the Organization's own assumptions, as there is little, if any, related market activity.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the standard. 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. There were no level 3 inputs for any assets, held by the Organization at June 30, 2015 and 2014.

MAASAI GIRLS EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Income taxes

The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on income derived from activities related to its exempt purpose. This code section enables the Organization to accept donations that qualify as charitable contributions to the donor. The Organization is subject to income taxes on taxable income from unrelated business activities. For the years ended June 30, 2015 and 2014, the Organization did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

The Organization is not aware of any activities that would jeopardize its tax-exempt status that would require recognition in the accompanying financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If there are material omissions of income, tax returns may be subject to examination for up to six years. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in the accompanying financial statements. As of June 30, 2015 and 2014, the Organization had no uncertain tax positions which should be recognized as a liability.

Grants receivable

Grants receivable principally represent amounts due from government awards and are stated at their net realizable value. In the opinion of management, all receivables outstanding are considered collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Investment

Investment consists of common stock and is reported at fair value based on the quoted market price. It is classified as a level 1 investment under the fair value hierarchy measurement (see fair value measurements). Donated securities and other donated items held as investments are recorded at their fair value on the date of the donation. The gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted temporarily or permanently by donor restrictions or law.

MAASAI GIRLS EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Revenue recognition

Contributions and grants

Contributions and grants are recognized as revenue when received or promised and are recorded net of any current year allowance or discount activity. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to the Organization's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

In-kind contributions

Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Accordingly, the Organization recognized professional services donated by the President. The fair value of the donated professional services for the year ended June 30, 2014 totaled \$27,687. There were no donated professional services for the year ended June 30, 2015. For the years ended June 30, 2015 and 2014, the Organization recognized donated space valued at \$19,800 and \$3,222, respectively.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited.

MAASAI GIRLS EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

3. Temporarily restricted net assets

Net assets were released from donor restrictions during the years ended June 30, 2015 and 2014 for the following purposes:

| | 2015 | 2014 |
|---|------------------|------------------|
| Scholarships | \$ 51,664 | \$ 70,611 |
| Workshops | <u>27,706</u> | <u>18,490</u> |
| Total net assets released from restrictions | <u>\$ 79,370</u> | <u>\$ 89,101</u> |

At June 30, 2015 and 2014, temporarily restricted net assets were available for the following purposes:

| | 2015 | 2014 |
|---|------------------|------------------|
| Scholarships | \$ 19,573 | \$ 13,705 |
| Workshops | <u>23,168</u> | <u>35,819</u> |
| Total temporarily restricted net assets | <u>\$ 42,741</u> | <u>\$ 49,524</u> |

4. Subsequent events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 5, 2016, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these financial statements.