

THE MAASAI GIRLS EDUCATION FUND

FINANCIAL STATEMENTS

JUNE 30, 2012



**Halt Buzas &
Powell, LTD**

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

TABLE OF CONTENTS

Independent auditors' report.....	1
Statement of financial position.....	2
Statement of activities and change in net assets.....	3
Statement of cash flows.....	4
Notes to financial statements.....	5 - 10



Halt Buzas & Powell, LTD

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Maasai Girls Education Fund
Washington, DC

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We have audited the accompanying statement of financial position of The Maasai Girls Education Fund (a nonprofit organization) as of June 30, 2012, and the related statements of activities and change in net assets and cash flows for the year then ended. These financial statements are the responsibility of The Maasai Girls Education Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from The Maasai Girls Education Fund's 2011 financial statements and, in our report dated October 21, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Maasai Girls Education Fund as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Halt, Buzas & Powell, Ltd.

Alexandria, Virginia
September 25, 2012

THE MAASAI GIRLS EDUCATION FUND

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

(with comparative financial information at June 30, 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 156,773	\$ 161,150
Contributions receivable	637	1,497
Investments	3,312	2,419
Prepaid expenses	<u>5,916</u>	<u>-</u>
Total current assets	<u>\$ 166,638</u>	<u>\$ 165,066</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	<u>\$ 1,389</u>	<u>\$ 1,100</u>
Total current liabilities	<u>1,389</u>	<u>1,100</u>
Net assets:		
Unrestricted	136,353	147,043
Temporarily restricted	<u>28,896</u>	<u>16,923</u>
Total net assets	<u>165,249</u>	<u>163,966</u>
Total liabilities and net assets	<u>\$ 166,638</u>	<u>\$ 165,066</u>

See accompanying notes to financial statements.

THE MAASAI GIRLS EDUCATION FUND
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

(with summarized financial information for the year ended June 30, 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
Revenues:				
Contributions and grants	\$ 60,589	\$ 53,211	\$ 113,800	\$ 193,207
In-kind contributions	98,122	-	98,122	98,666
Interest income	206	-	206	223
Unrealized gain on investments	893	-	893	956
Net assets released from restrictions:				
Satisfaction of program restrictions	41,238	(41,238)	-	-
Total revenues	201,048	11,973	213,021	293,052
Expenses:				
Program services	182,073	-	182,073	211,889
Support services:				
Management and general	26,422	-	26,422	27,746
Fundraising	3,243	-	3,243	8,101
Total support services	29,665	-	29,665	35,847
Total expenses	211,738	-	211,738	247,736
(Decrease) increase in net assets	(10,690)	11,973	1,283	45,316
Net assets, beginning of year	147,043	16,923	163,966	118,650
Net assets, end of year	\$ 136,353	\$ 28,896	\$ 165,249	\$ 163,966

See accompanying notes to financial statements.

THE MAASAI GIRLS EDUCATION FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

(with comparative financial information for the year ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase in net assets	\$ <u>1,283</u>	\$ <u>45,316</u>
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Unrealized gain on investments	(893)	(956)
Decrease (increase) in assets:		
Contributions receivable	860	(759)
Prepaid expenses	(5,916)	24
Increase (decrease) in liabilities:		
Accounts payable	<u>289</u>	<u>466</u>
Total adjustments	<u>(5,660)</u>	<u>(1,225)</u>
Net cash (used in) provided by operating activities	<u>(4,377)</u>	<u>44,091</u>
Net (decrease) increase in cash and cash equivalents	(4,377)	44,091
Cash and cash equivalents, beginning of year	<u>161,150</u>	<u>117,059</u>
Cash and cash equivalents, end of year	<u>\$ 156,773</u>	<u>\$ 161,150</u>

See accompanying notes to financial statements.

THE MAASAI GIRLS EDUCATION FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative financial information for June 30, 2011)

1. Organization

The Maasai Girls Education Fund (the Organization) is a not-for-profit 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 has presented its financial statements in accordance with *U.S. Generally Accepted Accounting Principles*. 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 represents the expendable resources that are available for operations at management's discretion.

Temporarily Restricted Net Assets represents 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, 2012 and 2011.

THE MAASAI GIRLS EDUCATION FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative financial information for June 30, 2011)

Basis of accounting

The financial statements are prepared on the accrual basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

Comparative financial statements

The financial statements include summarized comparative prior-year information in the statement of activities. That information is not presented by net asset class and does not contain sufficient detail to conform with generally accepted accounting principles. Therefore, this information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2011.

Use of estimates

The preparation of financial statements in conformity with *U.S. 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 and their functional allocation during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For financial statement purposes, the Organization includes cash accounts and short-term investments with an original maturity of three months or less to be cash and cash equivalents. At June 30, 2012 and 2011, cash and cash equivalents included demand deposits and money market funds.

Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. There were no unconditional promises to give expected to be collected in future years.

THE MAASAI GIRLS EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative financial information for June 30, 2011)

Investment

Investment consists of a publicly traded common stock and is reported at fair value based on the quoted market price. 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.

Fair value measurements

The Financial Accounting Standards Board (FASB) sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. The standard applies to all assets and liabilities that are being measured and reported on a fair value basis. The standard requires disclosure that establishes a framework for measuring fair value in *U.S. Generally Accepted Accounting Principles* and expands disclosure about fair value measurements. This standard enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The standard requires that 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 securities 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 the standard set forth by the FASB. 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, 2012 or 2011.

THE MAASAI GIRLS EDUCATION FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative financial information for June 30, 2011)

Income taxes

The Organization is exempt from Federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net 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 taxed on net income from unrelated business activities. For the years ended June 30, 2012 and 2011, the Organization did not have any income taxes from unrelated business activities.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification (ASC) Topic Income Taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the years ended December 31, 2012 and 2011, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. 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 income tax expense. As of December 31, 2012 and 2011, the Organization had no accruals for interest and/or penalties.

In-kind contributions

Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received from a donor. In-kind contributions are recorded 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. These services include professional services donated by the President and transportation services donated to the Organization when the President is traveling in Kenya. The fair value of the donated services for the years ended June 30, 2012 and 2011 totaled \$94,900 and \$95,444, respectively. During each of the years ended June 30, 2012 and 2011, the Organization received donated rent totaling \$3,222.

THE MAASAI GIRLS EDUCATION FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative financial information for June 30, 2011)

Contributions

Unconditional promises to give are recorded as contributions at their net realizable value in the year in which the promise is made. All contributions are available for unrestricted purposes unless specifically restricted by the donor. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

The Organization reports contributions as restricted support (temporarily restricted or permanently restricted, depending on the nature of the restriction) if they are received with donor stipulations that limit the use of the assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Functional allocation of expenses

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

3. Investment

The Organization's investment consists of a publicly traded stock which uses Level 1 inputs to determine its fair value.

Investment cost and fair value is as follows at June 30:

	<u>2012</u> Cost	<u>2012</u> Fair Value	<u>2011</u> Cost	<u>2011</u> Fair Value
Publicly traded stock	\$ <u>1,867</u>	\$ <u>3,312</u>	\$ <u>1,867</u>	\$ <u>2,419</u>
Total investment	\$ <u>1,867</u>	\$ <u>3,312</u>	\$ <u>1,867</u>	\$ <u>2,419</u>

THE MAASAI GIRLS EDUCATION FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative financial information for June 30, 2011)

4. Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose. Purpose restrictions accomplished during the years ended June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Scholarships	\$ 33,054	\$ 31,045
Workshops	8,184	6,720
School construction	<u>-</u>	<u>63,497</u>
Total net assets released from restrictions	<u>\$ 41,238</u>	<u>\$ 101,262</u>

5. Temporarily restricted net assets

At June 30, 2012 and 2011, temporarily restricted net assets were available for the following programs:

	<u>2012</u>	<u>2011</u>
Scholarships	\$ 13,420	\$ 9,497
Workshops	<u>15,476</u>	<u>7,426</u>
Total temporarily restricted net assets	<u>\$ 28,896</u>	<u>\$ 16,923</u>

6. Subsequent events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 25, 2012, 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.