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CAROLINA FOR KIBERA, INC.  
Financial Statements  
December 31, 2020 and June 30, 2020

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## TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-16



The Board of Directors  
Carolina for Kibera, Inc.  
Chapel Hill, North Carolina

## INDEPENDENT AUDITOR'S REPORT

### ***Opinion***

We have audited the accompanying financial statements of Carolina for Kibera, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the six-month and twelve-month periods 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, 2020 and June 30, 2020, and the changes in its net assets and its cash flows for the six-month and twelve-month periods then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits 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 Statement 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 audits. 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 these 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 substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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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 the 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 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.

*Koonce, Wooten + Haywood, LLP*

Pittsboro, North Carolina  
June 22, 2021

CAROLINA FOR KIBERA, INC.  
Statements of Financial Position  
December 31, 2020 and June 30, 2020

ASSETS

	December 31, 2020			June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>CURRENT ASSETS:</b>						
Cash	\$ 1,151,938	\$ 471,570	\$ 1,623,508	\$ 1,231,443	\$ 171,442	\$ 1,402,885
Promises to Give				5,000	400,000	405,000
Accrued Investment Income				138		138
Total Current Assets	<u>1,151,938</u>	<u>471,570</u>	<u>1,623,508</u>	<u>1,236,581</u>	<u>571,442</u>	<u>1,808,023</u>
<b>PROPERTY AND EQUIPMENT:</b>						
Furniture and Equipment	6,575		6,575	4,901		4,901
Software	1,044		1,044	1,044		1,044
Subtotal	<u>7,619</u>		<u>7,619</u>	<u>5,945</u>		<u>5,945</u>
Less: Accumulated Depreciation	5,723		5,723	5,584		5,584
Net Property and Equipment	<u>1,896</u>		<u>1,896</u>	<u>361</u>		<u>361</u>
<b>OTHER ASSETS:</b>						
Investments	<u>262,002</u>	<u>1,518,439</u>	<u>1,780,441</u>	<u>223,830</u>	<u>1,297,215</u>	<u>1,521,045</u>
Total Assets	<u>\$ 1,415,836</u>	<u>\$ 1,990,009</u>	<u>\$ 3,405,845</u>	<u>\$ 1,460,772</u>	<u>\$ 1,868,657</u>	<u>\$ 3,329,429</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>						
Accounts Payable	\$ 26,841	\$	\$ 26,841	\$ 780	\$	\$ 780
Accrued Paid Time Off, Payroll Taxes and Liabilities	6,533		6,533	2,308		2,308
Total Current Liabilities	<u>33,374</u>		<u>33,374</u>	<u>3,088</u>		<u>3,088</u>
<b>NET ASSETS:</b>						
	<u>1,382,462</u>	<u>1,990,009</u>	<u>3,372,471</u>	<u>1,457,684</u>	<u>1,868,657</u>	<u>3,326,341</u>
Total Liabilities and Net Assets	<u>\$ 1,415,836</u>	<u>\$ 1,990,009</u>	<u>\$ 3,405,845</u>	<u>\$ 1,460,772</u>	<u>\$ 1,868,657</u>	<u>\$ 3,329,429</u>

The accompanying notes are an integral part of the financial statements.

CAROLINA FOR KIBERA, INC.  
 Statements of Activities  
 For the Six Months Ended December 31, 2020 and Year Ended June 30, 2020

	December 31, 2020`			June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 284,104	\$ 7,250	\$ 291,354	\$ 923,049	\$ 471,937	\$ 1,394,986
In-Kind Contributions	1,196		1,196	11,300		11,300
Investment Income, net	(3,566)		(3,566)	2,148		2,148
Investment Return--Payout				74,298		74,298
Unrealized Gain (Loss) on Endowment	41,612	221,224	262,836	58	(38,250)	(38,192)
Net Assets Released from Restrictions:						
Satisfaction of Program and Timing Restrictions	107,122	(107,122)		198,854	(198,854)	
Total Support and Revenue	<u>430,468</u>	<u>121,352</u>	<u>551,820</u>	<u>1,209,707</u>	<u>234,833</u>	<u>1,444,540</u>
<b>EXPENSES:</b>						
Program Service	<u>430,329</u>		<u>430,329</u>	<u>884,292</u>		<u>884,292</u>
Support Services:						
Management and General	51,437		51,437	73,085		73,085
Fundraising	23,924		23,924	108,304		108,304
Total Support Service	<u>75,361</u>		<u>75,361</u>	<u>181,389</u>		<u>181,389</u>
Total Expenses	<u>505,690</u>		<u>505,690</u>	<u>1,065,681</u>		<u>1,065,681</u>
CHANGES IN NET ASSETS	(75,222)	121,352	46,130	144,026	234,833	378,859
NET ASSETS--Beginning of Year	<u>1,457,684</u>	<u>1,868,657</u>	<u>3,326,341</u>	<u>1,313,658</u>	<u>1,633,824</u>	<u>2,947,482</u>
NET ASSETS--End of Year	<u>\$ 1,382,462</u>	<u>\$ 1,990,009</u>	<u>\$ 3,372,471</u>	<u>\$ 1,457,684</u>	<u>\$ 1,868,657</u>	<u>\$ 3,326,341</u>

The accompanying notes are an integral part of the financial statements.

CAROLINA FOR KIBERA, INC.  
 Statements of Functional Expenses  
 For the Six Months Ended December 31, 2020 and Year Ended June 30, 2020

	December 31, 2020				June 30, 2020			
	Support Services				Support Services			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 59,693	\$ 27,853	\$ 7,512	\$ 95,058	\$ 97,184	\$ 38,874	\$ 58,310	\$ 194,368
Payroll Taxes	4,603	2,119	584	7,306	8,234	3,294	4,941	16,469
Employee Benefits	1,112	453	82	1,647	570	228	1,483	2,281
Total Salaries and Related Expenses	<u>65,408</u>	<u>30,425</u>	<u>8,178</u>	<u>104,011</u>	<u>105,988</u>	<u>42,396</u>	<u>64,734</u>	<u>213,118</u>
Grants to Kenya	342,135			342,135	727,250			727,250
Professional Fees		14,970		14,970		20,195	8,895	29,090
Student Fellowships	10,420			10,420	7,500			7,500
Contract Services	4,800		4,800	9,600	14,427	1,804	1,803	18,034
Development Fees		1,200	4,800	6,000		1,296	5,184	6,480
Annual Report	2,750	550	2,200	5,500	2,750	550	2,200	5,500
Payroll, Bank, and Processing Fees	629	353	2,959	3,941	886	226	9,403	10,515
Computer Expenses	2,725	609	97	3,431	3,151	408	8,614	12,173
Rent, Parking and Utilities		1,269		1,269	1,402	561	841	2,804
Insurance		982		982		3,440		3,440
Supplies		528	93	621		81	14	95
Travel	309		308	617	8,424	22	2,060	10,506
Postage and Shipping	272	218	54	544	347	69	278	694
Website	338	43	42	423	10,877	1,554	3,108	15,539
Miscellaneous	236		183	419	552		412	964
Printing	129	32	161	322	142	35	177	354
Recruitment and Development	115	115		230	314	150	41	505
Depreciation		139		139		278		278
Telephone and Internet	56	4	20	80	280	20	100	400
Food	7		29	36	2		6	8
License and Registrations							434	434
Total Expenses	<u>\$ 430,329</u>	<u>\$ 51,437</u>	<u>\$ 23,924</u>	<u>\$ 505,690</u>	<u>\$ 884,292</u>	<u>\$ 73,085</u>	<u>\$ 108,304</u>	<u>\$ 1,065,681</u>

The accompanying notes are an integral part of the financial statements.

CAROLINA FOR KIBERA, INC.  
 Statements of Cash Flows  
 For the Six Months Ended December 31, 2020 and Year Ended June 30, 2020

	December 31, 2020	June 30, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in Net Assets	\$ 46,130	\$ 378,859
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Contributions Restricted for Permanent Endowment		(495)
Depreciation	139	278
Unrealized (Gain) Loss on Endowment	(262,836)	38,192
Changes in Assets and Liabilities:		
Promises to Give	405,000	(180,000)
Accrued Investment Income	138	1,499
Accounts Payable	26,061	(143)
Accrued Paid Time Off, Payroll Taxes and Liabilities	4,225	(2,510)
Net Cash Provided by Operating Activities	218,857	235,680
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(1,674)	
Payout from Endowment		74,298
Reinvested Earnings on Endowment	3,440	(68,123)
Net Cash Provided by Investing Activities	1,766	6,175
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions Restricted for Permanent Endowment		495
Net Cash Provided by Financing Activities		495
<b>NET INCREASE IN CASH</b>	220,623	242,350
<b>CASH--Beginning of Year</b>	1,402,885	1,160,535
<b>CASH--End of Year</b>	\$ 1,623,508	\$ 1,402,885
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
In-Kind Contributions	\$ 1,196	\$ 11,300

The accompanying notes are an integral part of the financial statements.



CAROLINA FOR KIBERA, INC.  
Notes to Financial Statements  
December 31, 2020 and June 30, 2020

1. Organization and Summary of Significant Accounting Policies

A. Organization and Purpose:

Carolina for Kibera, Inc. (the Organization) is a North Carolina non-profit organization incorporated on April 23, 2001. The Organization's purpose is to serve as a granting organization to CFK-Kenya, a non-governmental organization in Kenya. CFK-Kenya works with people in all stages of life to offer quality primary healthcare services and coordinated educational programs, with special attention to girls, that lead to improved social and economic futures. The Organization is supported through public contributions.

B. Basis of Accounting and Presentation:

The accompanying financial statements have been, in all material respects, prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting standards. Net assets and support, revenue, expenses, gains, and losses are classified based on existence or absence of externally-imposed restrictions. The Organization follows standards for external financial reporting by not-for-profit organizations that requires its resources be classified for accounting and reporting purposes into two net asset categories according to externally-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions--Net assets that are not subject to donor-imposed stipulations and are available for use by the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes or uses under various internal operating budgets or for board designated purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions--Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time or are to be maintained permanently by the Organization.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. The Organization currently has assets of \$1,172,495 and \$1,172,495 for the six-month and twelve-month periods ended December 31, 2020 and June 30, 2020, respectively, to be maintained in perpetuity as stipulated by the donors.

C. Change of Financial Year End:

Effective July 1, 2020, the Organization changed its financial year end from June 30 to December 31 to better align with CFK-Kenya's financials and funder/funding cycles. Accordingly, these financial statements present the statements of financial position as of December 31, 2020 and June 30, 2020 and the change in net assets for the six months ended December 31, 2020 and the twelve months ended June 30, 2020.

D. Accounting 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 the 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. Significant estimates and assumptions are used for, but not limited to, the fair value of investments and in-kind contributions, depreciable lives of property and equipment, and functional allocation of expenses.

CAROLINA FOR KIBERA, INC.  
Notes to Financial Statements  
December 31, 2020 and June 30, 2020

1. Organization and Summary of Significant Accounting Policies (Continued)

E. Promises to Give:

The Organization recognizes as revenues contributions received and made, including unconditional, legally enforceable promises to give, in the period in which the Organization is notified that the donor has made a promise to give. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designed for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Unconditional promises to give are recorded net of an allowance for uncollectible promises. The allowance is based on management's analysis of specific promises to give and current economic conditions.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

F. Investments:

Investments are recorded at fair value. Fair value is based on quoted market prices when available. Unrealized gains and losses are included in the changes in net assets.

The fair value of long-term investments are based on quoted market prices for those or similar investments. Investments are held and managed by the University of North Carolina at Chapel Hill.

G. Property and Equipment:

Property and equipment is recorded at cost if purchased or at fair value if donated at the date of donation. A capitalization threshold of \$500 is utilized. Expenditures for repairs and maintenance are charged against operations. Depreciation is provided using the straight-line method over estimated useful lives ranging from five to ten years. Depreciation expense for the six-month and twelve-month periods ended December 31, 2020 and June 30, 2020 totaled \$139 and \$278, respectively.

H. Support and Revenue Without and With Donor Restrictions:

Contributions of cash and other assets, as well as grants, are recorded as increases in with or without donor restrictions, depending on the existence or nature of any externally-imposed 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 statements of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is presented as an increase in net assets with donor restrictions depending on the nature of the restrictions.

Sponsorship Revenue

The portion of sponsorship revenue that relates to the commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

Special Event Revenue-Ticket Sales

The portion of ticket sales that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

CAROLINA FOR KIBERA, INC.  
Notes to Financial Statements  
December 31, 2020 and June 30, 2020

1. Organization and Summary of Significant Accounting Policies (Concluded)

I. In-Kind Contributions:

The Organization records in-kind contributions of services, materials, and other at their estimated fair values at the date of the contribution.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased by the Organization.

The Organization has received approximately 342 and 1100 volunteer hours for the six-month and twelve-month periods ended December 31, 2020 and June 30, 2020, respectively. No amounts have been reflected in the financial statements for volunteer hours unless these services meet the requirements for recognition in the financial statements. In addition, the Organization's officers and board of directors serve without compensation.

J. Functional Allocation of Expenses:

The cost of providing the various program and support services of the Organization has been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and support services benefited. Directly identifiable expenses are charged to programs and support services. Expenses attributable to more than one function are generally allocated based on time records and estimates made by management. Support services include expenses which are not directly identifiable with any specific program but provide support for the Organization's overall operations.

K. Income Tax Status:

The Organization is exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Code and is classified under Section 501(c)(3) as a public charity. In addition, the Organization qualifies for deductible contributions under Section 170(b)(1)(A)(vi) of the Internal Revenue Code. Further, the Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not include a provision for income taxes.

The Organization files Form 990 information returns in the U.S. Federal jurisdiction. These returns are subject to examination by the Internal Revenue Service for a period of three years after the respective filing deadlines. The Organization has not been informed by any tax authorities for any jurisdictions that any of its tax years are under examination as of December 31, 2020.

L. Compensated Absences:

Employees of the Organization vest in paid time off earned but unused. The aggregate amount of paid time off due has been accrued on the statement of financial position of the Organization.

CAROLINA FOR KIBERA, INC.  
Notes to Financial Statements  
December 31, 2020 and June 30, 2020

2. Promises to Give

The Organization carries its promises to give at cost. On an annual basis, the Organization evaluates its promises to give and establishes an allowance for uncollectible promises to give based on current economic conditions. Management believes the promises to give will be fully collected. Therefore, there is no allowance on the promises to give balance.

Promises to give consist of the following at December 31, 2020 and June 30, 2020:

	December 31, <u>2020</u>	June 30, <u>2020</u>
Promises to Give	\$	\$ 405,000
Less: Current Portion	<u>                    </u>	<u>405,000</u>
Amounts Due After One Year	\$ <u>          0</u>	\$ <u>          0</u>

Promises to give are projected to be collected as follows:

	December 31, <u>2020</u>	June 30, <u>2020</u>
Amounts due in less than one year	\$	\$ 405,000
Amounts due in one to five years	<u>                    </u>	<u>                    0</u>
	\$ <u>          0</u>	\$ <u>405,000</u>

3. Investments

Investments consist of the following at December 31, 2020 and June 30, 2020:

	Historical <u>Cost</u>	Market <u>Value</u>
<u>December 31, 2020:</u>		
UNC Investment Fund	\$ <u>1,374,806</u>	\$ <u>1,780,441</u>
<u>June 30, 2020:</u>		
UNC Investment Fund	\$ <u>1,374,806</u>	\$ <u>1,521,045</u>

Investment income consists of the following for the years ended December 31, 2020 and 2020, respectively.

	December 31, <u>2020</u>	June 30, <u>2020</u>
Interest and Dividends	\$ (126)	\$ 8,818
Investment Expenses	<u>(3,440)</u>	<u>(6,670)</u>
Investment Income, net	\$ <u>(3,566)</u>	\$ <u>2,148</u>

CAROLINA FOR KIBERA, INC.  
Notes to Financial Statements  
December 31, 2020 and June 30, 2020

4. Fair Value Measurements

The Organization follows ASC 820, *Fair Value Measurements and Disclosures*, as amended, with respect to fair value measurements of its financial assets and financial liabilities. This standard defines fair value as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The standard also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The hierarchy is broken down into three levels. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for the Organization's assets measured at fair value in the accompanying financial statements. There have been no changes in the methodologies used at December 31, 2020 and June 30, 2020.

- ***Investment with UNC Investment Fund***

Investments held with and managed by the UNC Chapel Hill Foundation are valued at confirmed amounts with the fund and are considered to be Level 2 investments.

The following table sets forth by level, within the fair value hierarchy, the fair value of the Organization's investments measured on a recurring basis at December 31, 2020 and June 30, 2020:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 2)
<u>December 31, 2020:</u>		
Investments	\$ <u>1,780,441</u>	\$ <u>1,780,441</u>
<u>June 30, 2020:</u>		
Investments	\$ <u>1,521,045</u>	\$ <u>1,521,045</u>

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CAROLINA FOR KIBERA, INC.  
Notes to Financial Statements  
December 31, 2020 and June 30, 2020

5. Retirement Plan

Effective September 2017, the Organization established a Simple IRA retirement plan for its eligible employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. All participant contributions are immediately fully vested. The Organization matches up to 3% of the employees' retirement contributions. Contributions made by the Organization on behalf of its eligible employees were \$2,281 for the year ended June 30, 2020. Effective July 1, 2020, this plan was no longer offered to employees.

6. Related Entities

The Organization is affiliated with the University of North Carolina at Chapel Hill. Under an agreement, the University provides staffing assistance, office space, investment management services and daily accounting services for \$6,000 for the six-month and twelve-month periods ended December 31, 2020 and June 30, 2020, respectively. Carolina for Kibera, Inc. must maintain its state 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.

7. Cash and Concentration of Credit Risk

Cash at December 31, 2020 and June 30, 2020, includes the following amounts:

	December 31, 2020	June 30, 2020
University of North Carolina Investment Pool	\$ 917,326	\$ 1,111,495
Financial Institutions	<u>706,182</u>	<u>291,390</u>
	<u>\$ 1,623,508</u>	<u>\$ 1,402,885</u>

It is the State Treasurer's policy and practice for deposits not covered by federal depository insurance to be covered by collateral held by the State of North Carolina's agent in the name of the State and for the investments to be held by the State's agent in the State's name. Cash balances in the financial institution are insured up to \$250,000. At December 31, 2020, the Organization's uninsured cash balances were \$411,016. At June 30, 2020, the Organization's uninsured cash balances were \$41,389.

The Organization receives a major portion of its support from private foundations and contributions. A reduction in the level of support could possibly have a significant effect on the Organization's programs and activities. As a result of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact grant revenue going forward.

CAROLINA FOR KIBERA, INC.  
Notes to Financial Statements  
December 31, 2020 and June 30, 2020

8. Net Assets

Net assets without donor restrictions at December 31, 2020 and June 30, 2020 are as follows:

	December 31, 2020	June 30, 2020
Undesignated	\$ 1,120,460	\$ 1,233,854
Board-Designated Endowment Funds	<u>262,002</u>	<u>223,830</u>
	<u>\$ 1,382,462</u>	<u>\$ 1,457,684</u>

Net assets with donor restrictions at December 31, 2020 and June 30, 2020 were available for the following purposes or periods:

	December 31, 2020	June 30, 2020
Purpose Restricted:		
Girls Empowerment Project	\$ 7,100	\$ 100,000
Tabitha Maternity Centre	464,320	464,320
Various Projects in Kenya		7,122
Lishe Bora Mtaani Nutrition Center	150	
Time Restricted:		
Unappropriated unrestricted earnings on endowment funds	345,944	124,720
To be maintained in perpetuity	<u>1,172,495</u>	<u>1,172,495</u>
	<u>\$ 1,990,009</u>	<u>\$ 1,868,657</u>

9. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of passage of time or other events specified by donors. The net assets released from restrictions for the six-month and twelve-month periods ended December 31, 2020 and June 30, 2020 were as follows:

	December 31, 2020	June 30, 2020
Girls Empowerment Project	\$ 100,000	\$ 197,931
Various Projects in Kenya	<u>7,122</u>	<u>923</u>
	<u>\$ 107,122</u>	<u>\$ 198,854</u>

CAROLINA FOR KIBERA, INC.  
Notes to Financial Statements  
December 31, 2020 and June 30, 2020

10. Endowment Fund

*Donor-designated Endowments (UPMIFA state)*

The Organization's endowment funds consist of a pooled endowment account established for specific purposes as restricted by the donor. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of North Carolina enacted the North Carolina (NC) Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective March 2009, the provisions of which apply to endowment funds existing on or established after that date. Absent donor stipulations to the contrary, the provisions of this state law do not impose a restriction on the income or capital appreciation derived from the original gifts.

The Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Gains and losses are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence described in UPMIFA.

*Investment Return Objectives and Strategies*

Carolina for Kibera, Inc. has elected to invest in The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. (Chapel Hill Investment Fund or CHIF), a commingled investment vehicle established for The University of North Carolina at Chapel Hill Endowment Fund and other foundations and endowments affiliated with The University of North Carolina at Chapel Hill. By electing to invest in the Chapel Hill Investment Fund, the Organization has agreed to follow the investment policies and procedures as set forth by CHIF. The Chapel Hill Investment Fund invests its assets in the UNC Investment Fund, LLC (UNCIF). UNCIF employs a multi-asset class, multi-strategy investment approach to provide broad diversification, consistent returns and growth in spending and market value. The four primary investment goals and objectives of the UNCIF are:

1. To preserve the real (net of inflation) purchasing power of the UNCIF while providing a predictable, stable, and constant (in real terms) stream of earnings.
2. To earn an annualized real total rate of return of at least 5.5 percent per year, net of all fees and expenses, over the long term.
3. To earn an annual rate of return, net of all fees, that exceeds the Strategic Investment Policy Portfolio.
4. To earn a rate of return that places the Fund among the top third of university endowment funds as ranked by the National Association of College and University Business Officers.

Additionally, the Organization has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets over the long term.



CAROLINA FOR KIBERA, INC.  
Notes to Financial Statements  
December 31, 2020 and June 30, 2020

10. Endowment Fund (Continued)

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

Each year, the Organization may take a distribution of at least 4% to a maximum distribution of 7% of the Fund's estimated market value at the Fund's fiscal year end. The investment return on the endowment account is treated as income without donor restrictions and the payout from the endowment account is received at the end of the Fund's fiscal year from the without donor restrictions portion.

Endowment Net Asset Composition by Fund Type as of December 31, 2020 and June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>December 31, 2020:</u>			
Donor-restricted endowment funds	\$	\$ 1,518,439	\$ 1,518,439
Board-designated endowment funds	<u>262,002</u>	<u>                    </u>	<u>262,002</u>
Endowment net assets, end of period	\$ <u>262,002</u>	\$ <u>1,518,439</u>	\$ <u>1,780,441</u>
<u>June 30, 2020:</u>			
Donor-restricted endowment funds	\$	\$ 1,297,215	\$ 1,297,215
Board-designated endowment funds	<u>223,830</u>	<u>                    </u>	<u>223,830</u>
Endowment net assets, end of period	\$ <u>223,830</u>	\$ <u>1,297,215</u>	\$ <u>1,521,045</u>

Changes in endowment net assets for the years ended December 31, 2020 and June 30, 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance as of June 30, 2019	\$ 230,442	\$ 1,334,970	\$ 1,565,412
Payout received	74,298		74,298
Payout – transfer out	(74,298)		(74,298)
Investment Fees	(6,670)		(6,670)
Contributions		495	495
Unrealized gain (loss)	<u>58</u>	<u>(38,250)</u>	<u>(38,192)</u>
Balance as of June 30, 2020	223,830	1,297,215	1,521,045
Payout received			
Payout – transfer out			
Investment Fees	(3,440)		(3,440)
Contributions			
Unrealized gain	<u>41,612</u>	<u>221,224</u>	<u>262,836</u>
Balance as of December 31, 2020	\$ <u>262,002</u>	\$ <u>1,518,439</u>	\$ <u>1,780,441</u>

*Funds with Deficiencies*

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies at December 31, 2020 and June 30, 2020.

CAROLINA FOR KIBERA, INC.  
Notes to Financial Statements  
December 31, 2020 and June 30, 2020

11. In-Kind Contributions

The fair value of donated services, materials, and other included as contributions in the financial statements for the six-month and twelve-month periods ended December 31, 2020 and June 30, 2020 is as follows:

	December 31, 2020	June 30, 2020
Grants to Kenya	\$ 1,196	\$
Legal Fees		11,300
	<u>\$ 1,196</u>	<u>\$ 11,300</u>

12. Liquidity and Availability of Resources

The Organization manages its liquid resources by focusing on fundraising efforts to ensure the entity has adequate contributions and revenue to cover the programs that are being conducted. The Organization prepares detailed budgets and is active in managing costs to ensure the entity remains liquid.

The Organization's financial assets as of December 31, 2020 and June 30, 2020 expected to be available within one year to meet the cash needs for general expenditures comprise the following:

	December 31, 2020	June 30, 2020
Financial assets available within one year:		
Cash	\$ 1,623,508	\$ 1,402,885
Promises to Give, net		405,000
Accrued Investment Income		138
Financial assets, at year end	1,623,508	1,808,023
Less those unavailable for general expenditures within one year, due to:		
Contractual or Donor-Imposed Restrictions:		
Restricted by donor with time or purpose restrictions	<u>471,570</u>	<u>571,442</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,151,938</u>	<u>\$ 1,236,581</u>

13. Subsequent Events

Subsequent events have been evaluated through June 22, 2021, which is the date the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements.