

NYAKA, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nyaka, Inc.

Opinion

We have audited the accompanying financial statements of Nyaka, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Nyaka, Inc. as of December 31, 2021 and 2020, 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.

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 Statements section of our report. We are required to be independent of Nyaka, 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; 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.

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 Nyaka, 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 Nyaka, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting 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 Nyaka, 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.

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May 9, 2022

NYAKA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 469,877	\$ 994,202
Contributions receivable	16,496	30,842
Employee retention credit receivable	36,509	-
Employee advances	10,000	-
Promises to give	10,770	11,020
Investments	139,741	103,164
Inventory	41,298	340
Total current assets	724,691	1,139,568
Long-term assets		
Property and equipment, net of accumulated depreciation	2,571	1,816
Note receivable	500,000	-
Accrued interest	36,115	-
Beneficial interest in assets held by Capital Region Community Foundation	19,640	17,136
Total long-term assets	558,326	18,952
TOTAL ASSETS	\$ 1,283,017	\$ 1,158,520
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 12,227	\$ 4,674
Accrued payroll	6,527	18,267
Notes payable	1,000	81,750
TOTAL LIABILITIES	19,754	104,691
NET ASSETS		
Without donor restrictions		
Designated	55,408	29,671
Undesignated	1,167,495	836,864
With donor restrictions	40,360	187,294
TOTAL NET ASSETS	1,263,263	1,053,829
TOTAL LIABILITIES AND NET ASSETS	\$ 1,283,017	\$ 1,158,520

See notes to financial statements.

NYAKA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 1,457,361	\$ 179,256	\$ 1,636,617
Investment return, net	61,441	-	61,441
Government covid relief funds	267,557	-	267,557
Net assets released from restrictions	326,190	(326,190)	-
TOTAL REVENUE AND SUPPORT	2,112,549	(146,934)	1,965,615
EXPENSES			
Program services	1,321,835	-	1,321,835
Fundraising	275,399	-	275,399
Management and general	158,947	-	158,947
TOTAL EXPENSES	1,756,181	-	1,756,181
CHANGE IN NET ASSETS	356,368	(146,934)	209,434
NET ASSETS, beginning of year	866,535	187,294	1,053,829
NET ASSETS, end of year	\$ 1,222,903	\$ 40,360	\$ 1,263,263

See notes to financial statements.

NYAKA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 1,647,884	\$ 453,343	\$ 2,101,227
Investment return, net	14,831	-	14,831
Net assets released from restrictions	607,027	(607,027)	-
TOTAL REVENUE AND SUPPORT	2,269,742	(153,684)	2,116,058
EXPENSES			
Program services	1,259,595	-	1,259,595
Fundraising	265,900	-	265,900
Management and general	171,714	-	171,714
TOTAL EXPENSES	1,697,209	-	1,697,209
CHANGE IN NET ASSETS	572,533	(153,684)	418,849
NET ASSETS, beginning of year	294,002	340,978	634,980
NET ASSETS, end of year	\$ 866,535	\$ 187,294	\$ 1,053,829

See notes to financial statements.

NYAKA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services		Total Expenses
	Nyaka School	Fundraising	Management and General	
Program expenses	\$ 799,578	\$ -	\$ -	\$ 799,578
Salaries	334,926	69,219	57,312	461,457
Payroll taxes	28,395	5,835	4,667	38,897
Employee benefits	7,526	1,547	1,237	10,310
Professional fees	33	151,531	67,410	218,974
Travel and meals	41,838	15,474	-	57,312
Supplies	14,304	2,939	2,352	19,595
Insurance	37,386	7,682	6,146	51,214
Technology	30,562	6,280	5,024	41,866
Finance fees	-	9,284	9,284	18,568
Rent	9,607	1,974	1,579	13,160
Miscellaneous	5,458	1,122	897	7,477
Advertising	7,153	1,470	1,175	9,798
Telephone	5,069	1,042	833	6,944
Depreciation	-	-	1,031	1,031
TOTAL EXPENSES	\$ 1,321,835	\$ 275,399	\$ 158,947	\$ 1,756,181

See notes to financial statements.

NYAKA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services	Supporting Services		Total Expenses
	Nyaka School	Fundraising	Management and General	
Program expenses	\$ 768,496	\$ -	\$ -	\$ 768,496
Salaries	290,001	63,805	71,558	425,364
Payroll taxes	25,272	5,575	6,318	37,165
Employee benefits	10,146	2,238	2,536	14,920
Professional fees	22,434	144,213	53,577	220,224
Travel and meals	35,227	16,578	-	51,805
Supplies	33,936	7,486	8,484	49,906
Insurance	26,265	5,794	6,566	38,625
Technology	21,967	4,846	5,492	32,305
Finance fees	-	9,662	9,662	19,324
Rent	11,424	2,520	2,856	16,800
Miscellaneous	6,178	1,363	1,544	9,085
Advertising	5,371	1,185	1,343	7,899
Telephone	2,878	635	719	4,232
Depreciation	-	-	1,059	1,059
TOTAL EXPENSES	\$ 1,259,595	\$ 265,900	\$ 171,714	\$ 1,697,209

See notes to financial statements.

NYAKA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities		
Change in net assets	\$ 209,434	\$ 418,849
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	1,031	1,059
Payroll protection program loan forgiveness	(80,750)	-
Realized and unrealized gain on investments	(7,676)	(244)
Contributions receivable	14,346	(6,846)
Grants receivable	(36,509)	-
Employee advances	(10,000)	-
Accrued interest	(36,115)	-
Promises to give	250	100,500
Inventory	(40,958)	209
Accounts payable	7,553	(43,921)
Accrued payroll	(11,740)	11,340
Total adjustments	(200,568)	62,097
Net cash provided by operating activities	8,866	480,946
Cash flows from investing activities		
Purchase of property and equipment	(1,786)	-
Change in beneficial interest in assets held by community foundation	(2,504)	(1,760)
Issuance of note receivable	(500,000)	-
Purchase of investments	(28,901)	(20,621)
Net cash used by investing activities	(533,191)	(22,381)
Cash flows from financing activities		
Proceeds from note payable	-	80,750
NET CHANGE IN CASH AND CASH EQUIVALENTS	(524,325)	539,315
CASH AND CASH EQUIVALENTS		
Beginning of year	994,202	454,887
End of year	\$ 469,877	\$ 994,202

See notes to financial statements.

NYAKA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION, RISKS, AND UNCERTAINTIES

The Nyaka, Inc. is a not-for-profit corporation working on behalf of HIV/AIDS orphans in rural Uganda to end systemic deprivation, poverty and hunger through a holistic approach to community development, education, and healthcare. The Nyaka, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, investments, and receivables. The Organization places its cash and cash equivalents with FDIC insured financial institutions. Although such cash may exceed the federally insured limits at certain times during the year, they are in the opinion of management subject to minimal risk. Investments represent diversified holdings of common stock. Concentration of credit risk with respect to receivables is limited by the Organization which has established policies for extending credit based upon factors surrounding the credit risk of specific customers, historical trends and other information.

The Organization's revenue comes primarily from contributions from individuals and foundations. Individual entities contributing amounts in excess of 10% of total revenues are considered to be major contributors. In 2021, the Organization had one major contributor totaling approximately 30% of total contribution revenue. In 2020, the Organization had one major contributor totaling approximately 48% of total contribution revenue.

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and 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 based on management estimates.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's beneficiaries, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition and results of operations is uncertain.

The Organization evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through May 9, 2022, which is the date the financial statements were available to be issued.

NYAKA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Nyaka, Inc. (“Organization”) are presented on the accrual basis of accounting.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents and liquid assets maturing no more than three months from the date of purchase are considered cash and cash equivalents.

Contributions Receivable

The Organization’s contributions receivable are comprised primarily of contributions expected to be received from local sources and collected within one year. The Organization provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of receivable accounts. Based on management’s estimate, no allowance for bad debts was necessary for the years ended December 31, 2021 and 2020.

Promises to Give

Unconditional promises to give are recorded at net realizable value when the promise is made. The Organization considers all promises to give at December 31, 2021 and 2020 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Inventory

Inventory consists of baskets, handbags and books and is valued at the lower of cost (first-in, first-out) or net realizable value.

Investments

Investments consist of equity securities and money market funds incidental to the investing process. These investments are recorded at fair value. Gains and losses resulting from the sale of securities are determined on the average cost basis. Net investment return or loss is included in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Property and Equipment

Purchased assets having a cost greater than \$500 are capitalized at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Cost of repairs and maintenance are charged to expense when incurred.

NYAKA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The Organization has designated, from net assets without donor restrictions, net assets for the endowment. Net assets without donor restrictions as of December 31 consist of the following:

	2021	2020
Undesignated	\$ 1,167,495	\$ 836,864
Designated for endowment	55,408	29,671
Total net assets without donor restrictions	\$ 1,222,903	\$ 866,535

Net Assets with Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulation time has elapsed, or when the stipulated purpose has been accomplished.

Contribution Revenue

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-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 statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

NYAKA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contribution Revenue (continued)

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as conduct of services undertaken to support those activities to be general expenditures.

The following reflects the Organization's financial assets as of December 31, 2021 and 2020 respectively, which are deemed available for general expenditures within one year of the date of the statement of financial position. Amounts not available include board designations set aside for scholarship, research, repairs and maintenance, capital improvement and other funds.

	2021	2020
Total current assets at year-end	\$ 724,691	\$ 1,139,568
Less non-liquid assets		
Inventory	(41,298)	(340)
Less donor-restricted net assets	(40,360)	(187,294)
Less board-designated net assets		
Investments	(35,768)	(12,535)
Financial assets available to meet cash needs for general expenditures within one year	\$ 607,265	\$ 939,399

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures. While the Organization's governing board has designated a portion of its non-restricted resources as noted above, these funds remain available and may be spent at the discretion of the board.

NYAKA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Beneficial Interest in Assets Held by Capital Region Community Foundation: The Capital Region Community Foundation (CRCF) acts under an arrangement as a depository for gifts, conveyances, and other transfers intended to assist the Organization in achieving its goals and purposes. The beneficial interest held at CRCF was determined by CRCF based upon the Organization's allocable share in the market value of the underlying investments made by CRCF as reported to CRCF by a third-party trustee from published market quotes. The beneficial interest is considered a level 2 investment under current fair value measurement standards.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Limited Partnership: The limited partnership currently operates in the real estate industry. This investment is valued based upon the Organization's ownership interest in the partnership's net assets. The value of net assets is based on the underlying assets and liabilities of the limited partnership. This investment seeks to generate capital appreciation. To the extent that the inputs are observable and timely, the value of this security is categorized as Level 2.

NYAKA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

The preceding method described 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.

The following is a market value summary by the level of the inputs used in evaluating the Organization's assets carried at fair value at December 31, 2021 and 2020. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

	<u>2021</u>	<u>2020</u>
Level 1		
Common stock	\$ 21,804	\$ 374
Level 2		
Limited partnership	103,973	90,629
Money market funds (recorded at cost)	<u>13,964</u>	<u>12,161</u>
Total investments	<u>\$ 139,741</u>	<u>\$ 103,164</u>
Level 2		
Beneficial interest in assets held by Capital Region Community Foundation	<u>\$ 19,640</u>	<u>\$ 17,136</u>

Investment return, net consists of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividends, net	\$ 15,146	\$ 12,827
Realized and unrealized gain	7,676	244
Change in beneficial interest in assets held by community foundation	2,504	1,760
Note receivable interest	<u>36,115</u>	<u>-</u>
Total investment return, net	<u>\$ 61,441</u>	<u>\$ 14,831</u>

NYAKA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PROMISES TO GIVE

Promises to give consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Promises to give before unamortized discount	<u>\$ 10,770</u>	<u>\$ 11,020</u>
Amounts due in:		
Less than 1 year	<u>\$ 10,770</u>	<u>\$ 11,020</u>

Promises to give greater than one year were not discounted as management believes the amount to be insignificant. Management has determined that all promises to give are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary.

NOTE 6 - NOTE RECEIVABLE

The Organization is required to disclose the nature of credit risk inherent to financing receivables, its analysis and assessment in arriving at the allowance for credit losses (doubtful accounts), and the changes and reasons for those changes in the allowance for credit losses.

Financing receivables as of December 31, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Note receivable - Interest is accrued at a fixed rate of 8.5%. Payments of interest are due monthly. All unpaid principal and interest is due February 2023. The note is unsecured.	\$ 500,000	\$ -
Less current portion	<u>-</u>	<u>-</u>
Long-term portion	<u>\$ 500,000</u>	<u>\$ -</u>

Notes receivables are carried at unpaid principal balances, less an allowance for doubtful collection. Management periodically evaluates the adequacy of the allowance based on past experience and potential adverse situations that may affect the borrower's ability to repay. It is management's policy to write off a loan only when they are deemed to be permanently uncollectible. As of December 31, 2021 and 2020, there were no amounts past due. Management believes that no allowance is considered necessary. The collection status of the note receivable at December 31, 2021 and 2020 is current.

NYAKA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PROPERTY AND EQUIPMENT

Major classes of property and equipment at December 31, 2021 and 2020, consist of the following:

	Estimated Useful Life	2021	2020
Computer equipment	5 years	\$ 16,918	\$ 15,132
Furniture and fixtures	5 years	317	317
Less accumulated depreciation		<u>(14,664)</u>	<u>(13,633)</u>
		<u>\$ 2,571</u>	<u>\$ 1,816</u>

NOTE 8 - NOTES PAYABLE

Notes payable consist of the following at December 31, 2021 and 2020:

	2021	2020
Promissory note - received proceeds on an unsecured loan from the Gianturco Family Foundation for \$1,000 on December 11, 2017. The loan bears interest rate at 0% and is due on demand.	\$ 1,000	\$ 1,000
Promissory note - received proceeds related to paycheck protection program in April 2020 with potential forgiveness of outstanding amounts used for qualified expenses. Received full loan forgiveness of PPP loan during 2021 (See Note 9).	-	<u>80,750</u>
	<u>\$ 1,000</u>	<u>\$ 81,750</u>

NOTE 9 - GOVERNMENT COVID RELIEF FUNDS

The Organization received a paycheck protection program (PPP) loan in April 2020 for an aggregate principal amount of \$80,750 (See Note 8). The PPP program was implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The principal amount of the loan is subject to forgiveness under the program upon the Organization's request to the extent that the PPP loan proceeds are used to pay expenses permitted by the program, including payroll costs, covered rent, and mortgage obligations, and covered utility payments incurred by the Organization. The Organization met the condition as outlined under the loan for eligible expenses during the covered period and received forgiveness during 2021. As a result, the Organization recognized the funds as revenue for the year ended December 31, 2021.

In January 2021, the Organization qualified for and received a second loan pursuant to the Paycheck Protection Program in the amount of \$91,970. The Organization met the conditions for forgiveness as outlined under the loan for eligible expenses during the covered period and received forgiveness in 2021. As a result, the Organization recognized the proceeds as revenue for the year ended December 31, 2021.

NYAKA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - GOVERNMENT COVID RELIEF FUNDS (continued)

On March 27, 2020, in an effort to mitigate the economic impact of the COVID pandemic, the U.S. Congress enacted the CARES Act which was amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The government relief funds contains provisions for the deferral of the employer portion of social security taxes and an employee retention credit, a refundable payroll credit for 50% of wages and health benefits paid to employees. As a result of the CARES Act, the Organization claimed \$94,837 and recognized it as income on the statement of activities.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2021 were available for the following purposes:

	<u>2020</u>	<u>Inflows</u>	<u>Outflows</u>	<u>2021</u>
Construction of secondary school in Uganda	\$ -	\$ 1,000	\$ 1,000	\$ -
General operations	11,020	-	250	10,770
Grandmother project	-	34,203	34,203	-
Sponsor a student	158,890	115,154	274,044	-
Sustainability project	16,534	-	8,394	8,140
Janet Kaguri Scholarship	850	7,000	-	7,850
SGBV	-	8,299	8,299	-
Microfinance	-	13,600	-	13,600
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net assets with donor restrictions	<u>\$ 187,294</u>	<u>\$ 179,256</u>	<u>\$ 326,190</u>	<u>\$ 40,360</u>

Net assets with donor restrictions as of December 31, 2020 were available for the following purposes:

	<u>2019</u>	<u>Inflows</u>	<u>Outflows</u>	<u>2020</u>
Construction of secondary school in Uganda	\$ -	\$ 104,655	\$ 104,655	\$ -
General operations	11,520	-	500	11,020
Grandmother project	-	76,643	76,643	-
NVSS construction	5,958	-	5,958	-
NVSS operations	-	805	805	-
Sponsor a student	207,518	189,806	238,434	158,890
Children's library	6,825	-	6,825	-
Sustainability project	104,794	3,600	91,860	16,534
Janet Kaguri Scholarship	-	850	-	850
Coronavirus relief	-	42,861	42,861	-
Endowment fund	-	250	250	-
EDJA Foundation	4,363	33,873	38,236	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net assets with donor restrictions	<u>\$ 340,978</u>	<u>\$ 453,343</u>	<u>\$ 607,027</u>	<u>\$ 187,294</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 11 - OPERATING LEASE

The Organization leases office space under an operating lease requiring monthly payments of \$1,300 and expires in October 2022. During 2021 and 2020, \$13,000 and \$15,450, respectively, of rent was paid under lease agreements.

Future minimum lease payments are as follows:

Years Ending December 31,	
2022	<u>\$ 13,000</u>

NOTE 12 - ENDOWMENTS

The Organization's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, both donor-restricted and funds designated by the Board of Directors, are reported based on the existence or absence of donor-imposed restrictions. The endowment is classified for the following purpose at December 31:

	2021	2020
Board designated		
Investments	\$ 35,768	\$ 12,535
Community foundation	<u>19,640</u>	<u>17,136</u>
Total endowments	<u>\$ 55,408</u>	<u>\$ 29,671</u>

The Organization has interpreted the Michigan Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds (of which they currently have none) absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classified as permanently restricted net assets (a) the original value of initial gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

NYAKA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - ENDOWMENTS (continued)

The Organization's investment and spending policies for endowment assets attempt to provide a predictable stream of funding to programs supported. The spending policy should allow for predictability of spendable fund for budgeting purposes and for steady growth in distributions in support of operations at least equal to the rate of inflation, without endangering the capital value of the fund.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation of equity securities, fixed income, and alternative investments with performance benchmarks on each asset class.

The Organization has a spending policy which shall allow for maximum annual distributions equal to 5% of the rolling average of the preceding twelve quarterly market values. In establishing this policy, the Organization considered the long-term expected return on its investments. Accordingly, the Organization expects the current spending policy to allow its net assets to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the investments and net assets, as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets are as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Endowment net assets, at January 1	\$ 29,671	\$ 19,375
Contributions	13,755	8,252
Interest and dividends, net	1,802	40
Realized and unrealized gain on investments	7,676	244
Change in beneficial interest in assets held by Community Foundation	<u>2,504</u>	<u>1,760</u>
Endowment net assets, at December 31	<u>\$ 55,408</u>	<u>\$ 29,671</u>

NOTE 13 - BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION

The Organization established an endowment at the Capital Region Community Foundation (CRCF) during 2013 with an initial deposit of \$10,000 and named itself as the beneficiary. This amount in addition to net earnings and additional transfers is presented on the statement of financial position as, "Beneficial Interest in Assets Held at Community Foundation", in the amount of \$19,640 and \$17,136 as of December 31, 2021 and 2020, respectively. Although this amount has been recorded as an asset, the Organization has granted variance power to CRCF. Change in the Organization's beneficial interest is as follows for the year ended December 31:

	<u>2021</u>	<u>2020</u>
Beneficial interest, beginning of year	\$ 17,136	\$ 15,376
Change in value of beneficial interest Investment return, net	<u>2,504</u>	<u>1,760</u>
Beneficial interest, end of year	<u>\$ 19,640</u>	<u>\$ 17,136</u>