

NOMADIC KENYAN CHILDREN'S  
EDUCATIONAL FUND, INC.

Financial Statements

For the Years Ended  
December 31, 2007  
and 2006

## TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5-7
Supplemental Information	
Schedules of Functional Expenses	9-10

**CARLA MCGARRY  
CPA & ASSOCIATES**

5603 Foggy Lane  
Rockville, MD 20855

---

301-840-8470  
Fax 301-330-2393

[carla@carlamcgarry.com](mailto:carla@carlamcgarry.com)

Member  
  
American Institute of  
Certified Public Accountants

Maryland Association of  
Certified Public Accountants

Greater Washington Society of  
Certified Public Accountants

**REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors of  
Nomadic Kenyan Children's Fund, Inc.

We have audited the accompanying statement of financial position of the Nomadic Kenyan Children's Fund, Inc. (a non-profit organization) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 audits provide 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 NKCEF as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules on pages 9 and 10 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

June 24, 2008

NOMADIC KENYAN CHILDREN'S  
EDUCATIONAL FUND, INC.  
Statements of Financial Position  
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 204,858	\$ 98,611
Investments	85,163	50,000
Accrued interest	620	1,375
Pledges receivable, net of allowance account of \$1,323 and \$2,849	<u>125,960</u>	<u>156,106</u>
TOTAL CURRENT ASSETS	\$ <u>416,601</u>	\$ <u>306,092</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 75,264	\$ 3,010
Accrued expenses	<u>185</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>75,449</u>	<u>3,010</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	247,300	160,627
Temporarily restricted	<u>93,852</u>	<u>142,455</u>
TOTAL NET ASSETS	<u>341,152</u>	<u>303,082</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>416,601</u>	\$ <u>306,092</u>

See accompanying notes and accountants' report.

NOMADIC KENYAN CHILDREN'S EDUCATIONAL FUND, INC.  
Statement of Activities  
Years Ended December 31, 2007 and 2006

	2007			2006		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues						
Contributions	\$ 122,953	\$ 3,932	\$ 126,885	\$ 78,435	\$ 95,943	\$ 174,378
Indirect contributions	43,096	-	43,096	14,500	-	14,500
Contributions - in kind	11,438	-	11,438	19,919	-	19,919
Investment income	9,393	-	9,393	5,913	-	5,913
Other income	1,330	-	1,330	-	-	-
Temporarily restricted net assets released from restriction	<u>52,535</u>	<u>(52,535)</u>	<u>-</u>	<u>34,950</u>	<u>(34,950)</u>	<u>-</u>
Total Revenues	<u>240,745</u>	<u>(48,603)</u>	<u>192,142</u>	<u>153,717</u>	<u>60,993</u>	<u>214,710</u>
Expenses						
Program services	136,955	-	136,955	108,257	-	108,257
General and administrative	6,692	-	6,692	24,837	-	24,837
Fund-raising	<u>10,425</u>	<u>-</u>	<u>10,425</u>	<u>4,313</u>	<u>-</u>	<u>4,313</u>
Total Expenses	<u>154,072</u>	<u>-</u>	<u>154,072</u>	<u>137,407</u>	<u>-</u>	<u>137,407</u>
Change in Net Assets	86,673	(48,603)	38,070	16,310	60,993	77,303
New Assets at Beginning of Year	<u>160,627</u>	<u>142,455</u>	<u>303,082</u>	<u>144,317</u>	<u>81,462</u>	<u>225,779</u>
Net Assets at End of Year	<u>\$ 247,300</u>	<u>\$ 93,852</u>	<u>\$ 341,152</u>	<u>\$ 160,627</u>	<u>\$ 142,455</u>	<u>\$ 303,082</u>

See accompanying notes and accountants' review report.

NOMADIC KENYAN CHILDREN'S  
EDUCATIONAL FUND, INC.  
Statements of Cash Flows  
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 38,070	\$ 77,303
Adjustment to reconcile change in net assets to net cash provided by operating activities-		
Loss on sale of investments	-	329
Unrealized gain	(163)	-
Decrease (increase) in:		
Pledges receivable	30,146	(73,578)
Accrued interest	755	(1,110)
Increase (decrease) in:		
Accounts payable	72,254	3,010
Accrued expenses	<u>185</u>	<u>-</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>141,247</u>	<u>5,954</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of securities	(85,000)	(111,103)
Proceeds from redemption of securities	<u>50,000</u>	<u>151,173</u>
<b>NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES</b>	<u>(35,000)</u>	<u>40,070</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	106,247	46,024
<b>CASH, BEGINNING OF YEAR</b>	<u>98,611</u>	<u>52,587</u>
<b>CASH, END OF YEAR</b>	<u>\$ 204,858</u>	<u>\$ 98,611</u>

See accompanying notes and accountants' review report.

NOMADIC KENYAN CHILDREN'S  
EDUCATIONAL FUND, INC.  
Notes to Financial Statements  
December 31, 2007 and 2006

**1. ORGANIZATION AND PROGRAM SERVICES**

Organization - The Nomadic Kenyan Children's Educational Fund, Inc. is a nonprofit organization established in 2001 for the primary purpose of funding the education of nomadic Kenyan high school students. The Organization also helps prepare selected primary school students for high school.

Program Services - The primary program services provided by the Organization are identifying qualified Nomadic Kenyan students in order to provide funding to enable them to attend high school and improve their quality of life. Also the Organization is promoting public awareness of the needs of disadvantaged Nomadic Kenyan children.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Income Tax Status - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Association is not a private foundation within the meaning of Section 509(a) of the Code.

Basis of Presentation - Financial statement presentation follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No.117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Recognition of Donor Restricted Contributions - 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. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments - Investments are composed of fixed income securities carried at fair value. Fair value of securities is determined by quoted market price. Unrealized gains and losses are included in investment income on the statement of activities.

NOMADIC KENYAN CHILDREN'S  
EDUCATIONAL FUND, INC.  
Notes to Financial Statements  
December 31, 2007 and 2006

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Donated Services - Legal and accounting services provided to the organization at no charge have been reflected in the financial statements as donated services. The Organization pays for most services requiring specific expertise. However, there are individuals who volunteer their time and perform a variety of tasks that assist the organization, for which there is no estimate available as to the value of those services.

**3. PLEDGES RECEIVABLE**

As of December 31, 2007 and 2006, pledges receivable consisted of unconditional promises to give as follows:

	<u>2007</u>	<u>2006</u>
Gross promises to give	\$ 130,043	\$ 158,955
Discount	<u>(2,760)</u>	<u>-</u>
Promises after discount	127,283	158,955
Allowance discount	<u>(1,323)</u>	<u>(2,849)</u>
Net promises	\$ <u>125,960</u>	\$ <u>156,106</u>

**4. USE OF ESTIMATES**

The preparation of financial statements 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 during the reporting period.

NOMADIC KENYAN CHILDREN'S  
EDUCATIONAL FUND, INC.  
Notes to Financial Statements  
December 31, 2007 and 2006

**5. INVESTMENTS**

Investments at December 31, 2007 and 2006 are summarized as follows:

	<u>Cost</u>	<u>2007</u> <u>FMV</u>
Certificates of deposit	\$ 85,000	\$ 85,163
		<u>2006</u>
Certificate of deposit	\$ 50,000	\$ 50,000

Investment income at December 31, 2007 and 2006 consists of the following:

	<u>2007</u>	<u>2006</u>
Dividend and interest	\$ 9,229	\$ 6,242
Realized gain (loss) on sale	7	(329)
Unrealized gain	<u>163</u>	<u>-</u>
	<u>\$ 9,393</u>	<u>\$ 5,913</u>

**6. EXPENSE ALLOCATION**

Management and general expenses are allocated to programs on the basis of their functional purpose.

**7. CONTINGENCIES**

The Organization has approximately 350 students that it is funding for terms of from one to six years. Expenses under these agreements for 2007 and 2006 were \$133,058 and \$106,395, respectively. Students must maintain certain grades to continue receiving funding. Due to the uncertainty of the performance of the students, it is at least reasonably possible that estimates of the remaining liabilities will change. Estimates of the remaining liabilities under these agreements are \$220,892.

**8. FINANCIAL STATEMENT**

Certain amounts in the 2006 financial statements have been reclassified to conform to the 2007 presentation.

SUPPLEMENTAL INFORMATION

NOMADIC KENYAN CHILDREN'S EDUCATIONAL FUND, INC.  
Schedule of Functional Expenses  
Year Ended December 31, 2007

PROGRAM SERVICE

	<u>Scholarship Program</u>	<u>General and Administrative</u>	<u>Fund- Raising</u>	<u>Total</u>
Audit and accounting	\$ -	\$ 4,062	\$ -	\$ 4,062
Grants	250	-	-	250
Bad debt expense	-	(1,526)	-	(1,526)
Contributed services	-	2,968	500	3,468
Evaluation expense	89	-	-	89
Fund-raising expense	-	-	3,000	3,000
Miscellaneous	-	268	-	268
Event	-	-	4,470	4,470
Office	219	459	394	1,072
Payroll tax	131	-	-	131
Postage	1,490	236	189	1,915
Printing	-	-	1,872	1,872
Salaries	1,718	-	-	1,718
Scholarships	133,058	-	-	133,058
Taxes and licenses	<u>-</u>	<u>225</u>	<u>-</u>	<u>225</u>
Total expenses	<u>\$ 136,955</u>	<u>\$ 6,692</u>	<u>\$ 10,425</u>	<u>\$ 154,072</u>

NOMADIC KENYAN CHILDREN'S EDUCATIONAL FUND, INC.  
Schedule of Functional Expenses  
Year Ended December 31, 2006

PROGRAM SERVICE

	<u>Scholarship Program</u>	<u>General and Administrative</u>	<u>Fund- Raising</u>	<u>Total</u>
Audit	\$ -	\$ 3,000	\$ -	\$ 3,000
Grants	250	-	-	250
Bad debt expense	-	1,165	-	1,165
Contributed services	-	19,919	-	19,919
Evaluation expense	110	-	-	110
Fund-raising expense	-	-	3,500	3,500
Office	182	299	59	540
Postage	387	218	30	635
Printing	-	11	659	670
Scholarships	106,395	-	-	106,395
Taxes and licenses	-	225	-	225
Telephone	169	-	-	169
Temporary help	649	-	-	649
Travel	<u>115</u>	<u>-</u>	<u>65</u>	<u>180</u>
Total expenses	<u>\$ 108,257</u>	<u>\$ 24,837</u>	<u>\$ 4,313</u>	<u>\$ 137,407</u>