

Hatua Network, Inc.
Financial Statements
For the Year Ended September 30, 2023

Hatua Network, Inc.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Hatua Network, Inc.
Brooklyn, NY

We have reviewed the accompanying financial statements of Hatua Network, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Hatua Network, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Goldfine & Company cpa pc

Goldfine & Company CPA PC
New York, NY
September 16, 2024

Hatua Network
Statement of Financial Position
September 30, 2023

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 328,913
Total Current Assets	<u>328,913</u>
Property and Equipment, net of accumulated depreciation of \$415	<u>534</u>
Total Assets	<u><u>\$ 329,447</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable and Accrued Liabilities	\$ 5,000
Total Current Liabilities	<u>5,000</u>
Total Liabilities	<u>5,000</u>
Net Assets	
Without Donor Restrictions	324,447
With Donor Restrictions	<u>-</u>
Total Net Assets	<u>324,447</u>
Total Liabilities and Net Assets	<u><u>\$ 329,447</u></u>

Hatua Network
Statement of Activities
For the Year ended September 30, 2023

	Without donor restrictions
Revenue and Support	
Contributions	\$ 668,539
In-Kind Contributions	4,423
	672,962
Operating Expenses	
Program Services	464,448
Supporting Services	
Management and General	33,397
Fundraising - General	30,180
	528,025
Total Operating Expenses	528,025
Operating Income	144,937
Other Income	2
	144,939
Change in Net Assets	144,939
Net Assets, beginning of the year	179,508
	324,447
Net Assets, end of the Year	\$ 324,447

See independent accountants' review report and the accompanying notes to the financial statements.

Hatua Network
Statement of Functional Expenses
For the Year ended September 30, 2023

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Operating Expenses				
Accounting Fees	\$ -	\$ 9,000	\$ -	\$ 9,000
Banking Fees	-	390	-	390
Consultant Fee	-	-	14,700	14,700
Depreciation	-	415	-	415
Donation Transaction Fee	-	-	1,187	1,187
Donor Management System	-	-	3,200	3,200
Grants to Hatua Network	410,000	-	-	410,000
PayPal Fees	-	-	106	106
Postage	-	-	324	324
Printing & Stationery	-	-	895	895
Registration	-	75	-	75
Salaries and Payroll Taxes	21,720	13,032	8,688	43,440
Secondary Curriculum Development Consultants	18,188	-	-	18,188
Technology	1,690	1,474	-	3,164
Tertiary Curriculum Development Consultants	7,850	-	-	7,850
Tertiary Curriculum Digitization	5,000	-	-	5,000
Transport	-	-	447	447
Travel	-	8,282	-	8,282
Website	-	-	633	633
Workers Comp & Disability Insurance	-	729	-	729
Total Operating Expenses	\$ 464,448	\$ 33,397	\$ 30,180	\$ 528,025

See independent accountants' review report and the accompanying notes to the financial statements.

Hatua Network
Statement of Cash Flows
For the Year ended September 30, 2023

Cash Flows from Operating Activities	
Change in Net Assets	\$ 144,939
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	415
Changes in Operating Assets and Liabilities	
Accounts Payable and Accrued Liabilities	<u>5,000</u>
Net Cash Provided by Operating Activities	<u>150,354</u>
Cash Flows from Investing Activities	<u>-</u>
Cash Flows from Financing Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	150,354
Cash and Cash Equivalents, beginning of the year	<u>178,559</u>
Cash and Cash Equivalents, end of the year	<u><u>\$ 328,913</u></u>

SUPPLEMENTAL CASH FLOW DISCLOSURES

Interest Paid	\$ -
Income Taxes Paid	\$ -

Hatua Network, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2023

NOTE 1 ORGANIZATION

Hatua Network, Inc. (the “Organization” or “Hatua”) is a non-profit organization incorporated on September 21, 2017 in the state of New York. The Organization’s mission is to end generational poverty by preparing promising youth from low-income families to thrive in Kenya’s modern economy. Hatua provides scholarships to top performing students to attend high school, public colleges and universities in Kenya, along with mentoring on communication, collaboration, emotional intelligence, problem-solving and responsibility. The Organization’s libraries serve as hubs for our educational programs and well-resourced spaces for youth throughout our communities to study, learn, and grow.

For Federal income tax purposes, Hatua is classified as a 501(c)(3) organization and is exempt under section 509(a)(1) of the Internal Revenue Code and a similar provision of the New York State income tax laws.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets, functional expenses, and cash flows of the Organization. Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires. These donor-imposed restrictions may be met either by the actions of the Organization, the passage of time, or other legal restrictions requiring that the principal be maintained permanently by the Organization. The Organization does not report any net assets or revenues with donor restrictions for the fiscal year ended September 30, 2023.

Hatua Network, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2023

Use of Estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amounts of substantially all reported assets and liabilities, which represent financial instruments, approximate the fair value of such amounts due to the short maturity of these instruments.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less when acquired and are readily convertible to known amounts of cash.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash. The Organization places its cash with high credit quality financial institutions, which at times may be in excess of the Federal Deposit Insurance Corporation (“FDIC”) insured limit of \$250,000. As of September 30, 2023, the Organization’s bank balances exceed the FDIC insured limit by \$137,220. The Organization has not experienced any losses in such accounts.

Property and Equipment

Hatua capitalizes property and equipment that has a useful life of more than one year. Property and Equipment are reported at cost net of accumulated depreciation. Depreciation is provided on the straight-line method over the expected useful lives of the assets as follows:

Furniture and equipment	5 years
Projectors for School	4 years

Minor replacements, maintenance and repairs are charged to expense as incurred. If and when fixed assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of activities for the respective period.

The Organization reviews the carrying value of fixed assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In the opinion of management, there is no impairment at September 30, 2023.

Hatua Network, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2023

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities reflect amounts owed by the Organization for expenses that have been incurred but not yet settled by the end of the reporting period.

Contributions

Contributions, both cash and in-kind, are recorded when an unconditional promise to give such assets is received from a donor. The grants and contributions are recorded at the fair market value of the assets pledged and are classified as either net assets without donor restrictions or net assets with donor restrictions, depending on whether the donor has imposed a restriction on the use of such assets.

Donated Services and Goods

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The fair value of donated goods is reported in the financial statements as in-kind contributions along with the corresponding expenses.

Functional Allocation of Expenses

The cost of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting service benefited. Such allocations are determined by management in accordance with grant provisions and/or other equitable basis.

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when paid.

Income Taxes

Hatua has adopted Accounting Standards Codification ("ASC") 740 "Income Taxes." ASC 740 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The adoption of this guidance did not have an impact on Hatua's financial statements, as management believes that there are no uncertain tax positions within its financial statements.

Hatua's Form 990, Return of Organization Exempt from Income Taxes, for the years ending September 30, 2020, 2021 and 2022 are subject to examination by the IRS, generally for three years after they are filed.

Hatua Network, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2023

NOTE 3 PROPERTY AND EQUIPMENT

Property and Equipment consists of the following at September 30, 2023:

Property and Equipment, at cost	\$ 949
Less: Accumulated Depreciation	<u>415</u>
Property and Equipment, Net	<u>\$ 534</u>

Depreciation expense is \$415 for the year ended September 30, 2023.

NOTE 4 DONATED GOODS AND SERVICES

For the year ended September 30, 2023, the Organization reports total in-kind contributions of \$4,423, consisting of donated expenses of \$2,423 towards international travel to Kenya and \$2,000 in donated accounting services.

NOTE 5 CONCENTRATIONS

Major donor

The Organization has a significant concentration of revenue from one donor. For the fiscal year ended September 30, 2023, this donor contributed approximately 40% of total revenue. The top ten donors contributed approximately 93% of total revenue.

NOTE 6 LIQUIDITY AND AVAILABILITY

The Organization's financial assets as of the statement of financial position date of September 30, 2023 reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date, are as follows:

Financial Assets, at September 30, 2023	
Cash and Cash Equivalents	\$ 328,913
Less those unavailable for general expenditures within one year due to:	
Contractual or Donor-imposed Restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 328,913</u>

Hatua Network, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2023

NOTE 7 **SUBSEQUENT EVENTS**

Management has evaluated for potential recognition and disclosure, events and transactions that have occurred subsequent to the date of the Statement of Financial Position through September 16, 2024, which is the date the financial statements were available to be issued.