

The Tanzanian Children's Fund, Inc.

Financial Statements
and
Independent Auditors' Report

December 31, 2021



DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
The Tanzanian Children's Fund, Inc.
Cambridge, Massachusetts

Opinion

We have audited the accompanying financial statements of The Tanzanian Children's Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 The Tanzanian Children's Fund, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Tanzanian Children's Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the 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 The Tanzanian Children's Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 The Tanzanian Children's Fund, 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 The Tanzanian Children's Fund, 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.

Other Matter - Report of Summarized Comparative Information

The financial statements as of and for the year ended December 31, 2020, were audited by other auditors, whose report dated July 15, 2021 expressed an unmodified opinion on those financial statements.

Daniel Dennis & Company LLP

September 30, 2022

The Tanzanian Children's Fund, Inc.
Statement of Financial Position
As of December 31, 2021 with Summarized Comparative Totals for 2020

<i>Assets</i>		
	2021	2020
<i>Current Assets</i>		
Cash and cash equivalents	\$ 1,866,634	\$ 1,645,529
Accounts receivable	140,717	-
Investments	6,949,051	5,248,250
Prepaid expenses	<u>2,400</u>	<u>814</u>
Total current assets	<u>8,958,802</u>	<u>6,894,593</u>
<i>Other Assets</i>		
Restricted investments	37,599	30,260
Security deposits	<u>8,400</u>	<u>3,600</u>
Total other assets	<u>45,999</u>	<u>33,860</u>
Total assets	<u>\$ 9,004,801</u>	<u>\$ 6,928,453</u>
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities</i>		
Accounts payable	\$ 49,123	\$ 11,444
Note payable	<u>-</u>	<u>50,271</u>
Total current liabilities	<u>49,123</u>	<u>61,715</u>
<i>Net Assets</i>		
Without donor restrictions	8,031,613	6,723,281
With donor restrictions	<u>924,065</u>	<u>143,457</u>
Total net assets	<u>8,955,678</u>	<u>6,866,738</u>
Total liabilities and net assets	<u>\$ 9,004,801</u>	<u>\$ 6,928,453</u>

See accompanying notes to the financial statements.

The Tanzanian Children's Fund, Inc.
Statement of Activities
For the Year Ended December 31, 2021
With Summarized Comparative Totals for the Year Ended December 31, 2020

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>2021</i>	<i>2020</i>
<i>Operating Revenue and Support</i>				
Contributions	\$ 2,292,655	\$ 1,158,629	\$ 3,451,284	\$ 2,400,084
Program service	10,216	-	10,216	21,589
Dividends and interest income	91,993	-	91,993	61,268
Unrealized gains (losses) on investments	458,473	-	458,473	(465,553)
Realized gains on investments	356,624	7,338	363,962	798,621
Net assets released from restrictions	<u>385,359</u>	<u>(385,359)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>3,595,320</u>	<u>780,608</u>	<u>4,375,928</u>	<u>2,816,009</u>
<i>Operating Expenses</i>				
Program services	2,006,278	-	2,006,278	1,732,445
Management and general	177,641	-	177,641	115,469
Fundraising	<u>153,340</u>	<u>-</u>	<u>153,340</u>	<u>163,527</u>
Total expenses	<u>2,337,259</u>	<u>-</u>	<u>2,337,259</u>	<u>2,011,441</u>
Change in net assets from operations	<u>1,258,061</u>	<u>780,608</u>	<u>2,038,669</u>	<u>804,568</u>
<i>Non-Operating Activities</i>				
Debt forgiveness income	<u>50,271</u>	<u>-</u>	<u>50,271</u>	<u>-</u>
Change in net assets	<u>1,308,332</u>	<u>780,608</u>	<u>2,088,940</u>	<u>804,568</u>
Net assets at beginning of the period	<u>6,723,281</u>	<u>143,457</u>	<u>6,866,738</u>	<u>6,062,170</u>
Net assets at end of the period	<u>\$ 8,031,613</u>	<u>\$ 924,065</u>	<u>\$ 8,955,678</u>	<u>\$ 6,866,738</u>

See accompanying notes to the financial statements.

The Tanzanian Children's Fund, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021
With Summarized Comparative Totals for the Year Ended December 31, 2020

	<i>Program</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>2021</i>	<i>2020</i>
Salaries and related expenses	\$ 120,269	\$ 118,454	\$ 102,310	\$ 341,033	\$ 342,191
Professional fees	-	19,827	-	19,827	22,154
Office expenses	-	10,631	15,640	26,271	24,185
Subcontractors	127,419	-	-	127,419	87,541
Dues and fees	7,378	-	15,587	22,965	18,455
Contributions	1,724,483	-	-	1,724,483	1,469,983
Miscellaneous	-	-	7,051	7,051	25
Supplies	13,097	-	-	13,097	5,796
Travel	11,762	-	12,752	24,514	6,538
Insurance	-	7,618	-	7,618	7,573
Occupancy	-	19,936	-	19,936	25,192
Recruiting and training	1,870	1,175	-	3,045	1,808
	<u>1,870</u>	<u>1,175</u>	<u>-</u>	<u>3,045</u>	<u>1,808</u>
Total operating expenses	<u>\$ 2,006,278</u>	<u>\$ 177,641</u>	<u>\$ 153,340</u>	<u>\$ 2,337,259</u>	<u>\$2,011,441</u>

See accompanying notes to the financial statements.

The Tanzanian Children's Fund, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2021
With Summarized Comparative Totals for the Year Ended December 31, 2020

	<i>2021</i>	<i>2020</i>
<i>Cash Flows from Operating Activities</i>		
Change in net assets	\$ 2,088,940	\$ 804,568
<i>Adjustments to reconcile changes in net assets to net cash provided by operating activities</i>		
Realized and unrealized gains on investments provided by operating activities:	(822,435)	(333,068)
Debt forgiveness income	(50,271)	-
<i>Change in operating assets and liabilities:</i>		
Increase in accounts receivable	(140,717)	-
Increase in prepaid expenses	(1,586)	(814)
Increase in accounts payable	<u>37,679</u>	<u>4,124</u>
Net cash provided by operating activities	<u>1,111,610</u>	<u>474,810</u>
<i>Cash Flows from Investing Activities</i>		
Proceeds from sale of investments	85,763	2,609,028
Purchase of investments	<u>(971,468)</u>	<u>(2,673,253)</u>
Net cash used in investing activities	<u>(885,705)</u>	<u>(64,225)</u>
<i>Cash Flows from Financing Activities</i>		
Proceeds from note payable	<u>-</u>	<u>50,271</u>
Net cash from financing activities	<u>-</u>	<u>50,271</u>
Net change in cash and restricted cash	<u>225,905</u>	<u>460,856</u>
Cash and restricted cash, beginning of year	1,649,129	1,188,273
Cash and restricted, end of year	<u>\$ 1,875,034</u>	<u>\$ 1,649,129</u>
Reconciliation of cash and restricted cash:		
Cash	\$ 1,866,634	\$ 1,645,529
Security deposits	<u>8,400</u>	<u>3,600</u>
Total cash and restricted cash	<u>\$ 1,875,034</u>	<u>\$ 1,649,129</u>

See accompanying notes to the financial statements.

The Tanzanian Children's Fund, Inc.

Notes to Financial Statements

December 31, 2021

1. *Organization*

The Tanzanian Children's Fund, Inc. (TCF) is a not-for-profit organization organized in March 2003, under the laws of the Commonwealth of Massachusetts for the purpose of establishing aid to the orphaned and marginalized children of Tanzania. TCF will provide support for the Rift Valley Children's Village, an orphanage in the Karatu district of Tanzania and other related community based programs that improve the lives of children and families in Tanzania.

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 (U.S. GAAP).

Cash and Cash Equivalents

TCF considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents as of December 31, 2021 and 2020.

Furniture, Equipment, and Depreciation

Furniture and equipment are recorded at cost less accumulated depreciation. TCF capitalizes all purchases of furniture and equipment with a cost or fair value of over \$1,000. Donated property and equipment are recorded at fair value at the time of donation.

Investments

Investments in marketable securities are recorded at fair value with unrealized gains and losses reported in the change in net assets for the year. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Realized gains and losses are included in the changes in net assets for the year. Realized gains and losses are accounted for on the specific identification method. Purchases and sales are recorded on a trade date basis. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

Fair Value Measurements

GAAP requires using a framework for measuring fair value. That framework 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 Tanzanian Children's Fund, Inc.
Notes to Financial Statements - *continued*
December 31, 2021

2. Summary of Significant Accounting Policies – continued

Fair Value Measurements – continued

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 TCF 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's 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.

The availability of observable market data is monitored to assess the appropriate classification of investments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of investments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended December 31, 2021 and 2020, there were no transfers in or out of levels 1, 2, or 3.

Classification of Net Assets

Net assets are classified into two categories based on the existence or absence of donor imposed restrictions as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of TCF. The Board of Directors has discretionary control over all of these assets and may elect to designate such resources for specific purposes. This designation may be removed at the board's direction.

The Tanzanian Children's Fund, Inc.
Notes to Financial Statements - *continued*
December 31, 2021

2. Summary of Significant Accounting Policies – continued

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TCF or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Contributions, Gifts and Grants

Contributions of cash and other assets are reported as increases to net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 are reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions received where related restrictions are met in the same reporting period are classified as contributions with donor restrictions and net assets released from restriction. Board and external source designated funds are recorded as such in net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and when the promises become unconditional.

Revenue Recognition

TCF recognizes revenue from sponsorships upon the receipt of the sponsorship. Amounts received prior to the occurrence of the sponsorship recorded as deferred revenue on the statement of financial position.

Functional Expenses

Functional expenses are allocated to the various programs based on direct expenses which can be identified to the program and indirect expenses which are beneficial to more than one program. Indirect expenses are allocated based on various methods including time studies, square footage, etc. Administrative expenses are allocated to the program based on direct salary and fringe benefits within the program.

Summarized Comparative Totals and Reclassifications

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with TCF's financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain 2020 amounts have been reclassified to conform to the 2021 financial statement presentation.

The Tanzanian Children's Fund, Inc.
Notes to Financial Statements - *continued*
December 31, 2021

2. Summary of Significant Accounting Policies – continued

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income Taxes

TCF is exempt from income taxes as a non-profit corporation under Section 501(c)(3) of the U.S. Internal Revenue Code and is also exempt from state income taxes, except for income taxes on unrelated business income, if any. For the years ended December 31, 2021 and 2020, TCF had no unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these financial statements.

TCF evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. At December 31, 2021, TCF believes that it has no uncertain tax positions within any of its open tax returns (2018-2020).

3. Concentration of Credit Risk

TCF maintains its cash accounts in commercial banks located in Massachusetts. Accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. These balances may, at times, exceed the FDIC limits. TCF does not believe it is exposed to significant risk related to uninsured deposits as it periodically reviews the credit standings of the related institutions.

4. Investments and Fair Value Measurements

As of December 31, 2021 and 2020, TCF's investment accounts are maintained at one financial institution. The investments are subject to market fluctuations and due to the level of risk associated with investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the financial statements. At December 31, 2021 and 2020, investments are measured at fair value on a recurring basis and consisted of the following:

<i>Investment</i>	<i>2021</i>	
	<i>Fair Value</i>	<i>Level 1</i>
Money market	\$ 220,814	\$ 220,814
Fixed coupons	91,323	91,323
Mutual funds	2,794,219	2,794,219
Equity securities	2,854,924	2,854,924
Fixed income securities	<u>1,025,370</u>	<u>1,025,370</u>
Total	<u>\$ 6,986,650</u>	<u>\$ 6,986,650</u>

The Tanzanian Children's Fund, Inc.
Notes to Financial Statements - *continued*
December 31, 2021

4. Investments – continued

<i>Investment</i>	<i>2020</i>	<i>Level 1</i>
	<i>Fair Value</i>	
Money market	\$ 2,504,675	\$ 2,504,675
Mutual funds	<u>2,773,835</u>	<u>2,773,835</u>
Total	<u>\$ 5,278,510</u>	<u>\$ 5,278,510</u>

5. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of balance sheet date, comprise the following at December 31, 2021 and 2020:

	<i>2021</i>	<i>2020</i>
Financial assets at fiscal year end:		
Cash	\$ 1,866,634	\$ 1,645,529
Accounts receivable	140,717	-
Investments	<u>6,949,051</u>	<u>5,248,250</u>
Total financial assets	<u>8,956,402</u>	<u>6,893,779</u>
Less amounts unavailable for general expenditure within one year, due to:		
Net assets with board restrictions	6,949,051	5,248,249
Net assets with donor restrictions	924,065	143,457
Less net assets with purpose or time restricted to be met in less than one year	<u>(683,065)</u>	<u>(75,652)</u>
Total	<u>7,190,051</u>	<u>5,316,054</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,766,351</u>	<u>\$ 1,577,725</u>

As part of TCF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and liabilities. In addition, the investments with board restrictions could be made available if necessary.

6. Lease Commitment

TCF leases office space under a short-term operating lease that commenced on September 1, 2021 and expires on June 30, 2022. The lease requires monthly payments of \$2,400. Rental expense for the years ending December 31, 2021 and 2020 was \$17,600 and \$22,380, respectively. TCF has a lease commitment in the amount of \$14,400 for 2022.

The Tanzanian Children's Fund, Inc.
Notes to Financial Statements - *continued*
December 31, 2021

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following uses at December 31, 2021 and 2020:

	<i>2021</i>	<i>2020</i>
<i>Purpose restrictions</i>		
Oldeani primary school capital costs	\$ 760,035	\$ 5,000
Gyetighi operating	27,029	3,198
Gyetighi primary school capital costs	12,561	-
Boniface children fund	33,597	30,259
New staff house	3,546	60,000
Scholarship fund	33,000	40,000
Mental health initiatives	47,653	-
Other	<u>6,644</u>	<u>5,000</u>
Total net assets with donor restrictions	<u>\$ 924,065</u>	<u>\$ 143,457</u>

Net assets released from restrictions for the years ended December 31, 2021 and 2020 were as follows:

	<i>2021</i>	<i>2020</i>
<i>Satisfaction of purpose restrictions</i>		
Oldeani primary school capital costs	\$ 114,079	\$ 5,000
Oldeani operating	-	42,638
Gyetighi operating	101,170	50,000
Gyetighi primary school capital costs	74,939	-
Health care fund	-	5,551
Boniface children fund	4,000	-
New staff house	56,454	-
Scholarship fund	7,000	-
Mental health initiatives	27,717	-
Other	<u>-</u>	<u>16,138</u>
Total net assets released from restriction	<u>\$ 385,359</u>	<u>\$ 119,327</u>

The Tanzanian Children's Fund, Inc.
Notes to Financial Statements - *continued*
December 31, 2021

8. Net Assets Without Donor Restrictions – Board Designated

TCF's board of directors has designated, from net assets without donor restrictions the following investments as of December 31, 2021 and 2020:

<i>Purpose</i>	<i>2021</i>	<i>2020</i>
Operations and/or capital costs	\$ 2,117,209	\$ 1,856,084
Long-term fund: operations and/or capital costs of the Organization or the Rift Valley Children's Village	4,632,223	3,291,941
Lorinda de Roulet scholarship fund	99,612	100,224
Muller scholarship fund	<u>100,007</u>	<u>-</u>
Total	<u>\$ 6,949,051</u>	<u>\$ 5,248,249</u>

9. Paycheck Protection Program

During 2020, TCF received a Paycheck Protection Program (PPP) loan from a financial institution in the amount of \$50,271. Under the terms of the PPP loan, TCF must utilize the proceeds to fund qualifying expenses over a twenty-four-week period. Upon utilization of the loan proceeds, TCF can apply for loan forgiveness. During 2021, TCF applied for and received loan forgiveness and \$50,271 is recognized as debt forgiveness income on the Statement of Activities.

10. Contingency - COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a novel strain of coronavirus (COVID-19) as a pandemic. The extent to which COVID-19 may impact TCF activities will depend upon future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions required to contain the virus.

11. Related Party Transactions

For the years ended December 31, 2021 and 2020, a member of TCF's board of directors was paid \$71,667 and \$78,750 for consulting services.

A member of TCF's board of directors is on the board of Rift Valley Children's Village. For the years ended December 31, 2021 and 2020, TCF provided contributions of \$1,674,483 and \$1,459,983, respectively, to Rift Valley Children's Village.

12. Subsequent Events

TCF has performed an evaluated subsequent events through September 30, 2022, which is the date the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2021, that require recognition or disclosure in these financial statements.