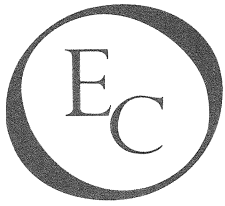


HESHIMA KENYA, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2016

HESHIMA KENYA, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Heshima Kenya, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Heshima Kenya, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Heshima Kenya, Inc. as of December 31, 2016, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2017, on our consideration of Heshima Kenya, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Heshima Kenya, Inc.'s internal control over financial reporting and compliance.



E.C. ORTIZ & CO., LLP
Chicago, Illinois
August 29, 2017

HESHIMA KENYA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 263,496
Receivables:	
Grants	523,581
Contributions	6,000
Receivable from Employees	2,581
Inventory	15,188
Prepaid Expenses and Other Assets	15,750
Total Current Assets	<u>826,596</u>

Noncurrent Assets

Property and Equipment - Net of Accumulated Depreciation of \$31,588	<u>4,196</u>
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Total Assets	<u><u>\$ 830,792</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	<u>49,407</u>
Total Liabilities	<u>49,407</u>

Net Assets

Unrestricted	4,030
Temporarily Restricted	<u>777,355</u>
Total Net Assets	<u>781,385</u>

Total Liabilities and Net Assets	<u><u>\$ 830,792</u></u>
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See accompanying notes to financial statements.

HESHIMA KENYA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Direct Public Support			
Foundation Grants	\$ 573,182	\$ 624,195	\$ 1,197,377
Gifts in Kind	2,513	-	2,513
Individual and Business Contributions	178,854	-	178,854
Total Direct Public Support	<u>754,549</u>	<u>624,195</u>	<u>1,378,744</u>
Federal Financial Assistance	401,989	103,160	505,149
Foreign Exchange Loss	(2,413)	-	(2,413)
Income Generating Program	120,686	-	120,686
Miscellaneous Income	6,146	-	6,146
Net Assets Released From Restrictions	<u>374,538</u>	<u>(374,538)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>1,655,495</u>	<u>352,817</u>	<u>2,008,312</u>
EXPENSES			
Program Expenses			
Girls Empowerment Project	507,943	-	507,943
Heshima Kenya Safe House	250,264	-	250,264
Case Management Program	108,364	-	108,364
Sexual and Gender Based Violence Initiative	106,281	-	106,281
Child Protection	268,001	-	268,001
Livelihood Project	9,367	-	9,367
Total Program Expenses	<u>1,250,220</u>	<u>-</u>	<u>1,250,220</u>
Supporting Services			
Fundraising Expenses	175,344	-	175,344
Management and General	191,585	-	191,585
Total Supporting Services	<u>366,929</u>	<u>-</u>	<u>366,929</u>
Total Expenses	<u>1,617,149</u>	<u>-</u>	<u>1,617,149</u>
CHANGE IN NET ASSETS	38,346	352,817	391,163
NET ASSETS, BEGINNING OF YEAR, as restated	<u>(34,316)</u>	<u>424,538</u>	<u>390,222</u>
NET ASSETS, END OF YEAR	<u>\$ 4,030</u>	<u>\$ 777,355</u>	<u>\$ 781,385</u>

See accompanying notes to financial statements.

HESHIMA KENYA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	<u>\$ 391,163</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	2,313
Changes in Assets and Liabilities:	
Receivables	(293,757)
Inventory	22,692
Prepaid Expenses and Other Assets	(4,179)
Accounts Payable and Accrued Expenses	<u>18,851</u>
Net Cash Provided by Operating Activities	<u>(254,080)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	137,083
CASH AND CASH EQUIVALENTS - BEGINNING	126,413
CASH AND CASH EQUIVALENTS - END	<u><u>\$ 263,496</u></u>

See accompanying notes to financial statements.

HESHIMA KENYA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

(1) NATURE OF ACTIVITIES

The Heshima Kenya, Inc. (HKI) is an international nonprofit organization based in the United States of America and incorporated in the State of Missouri with a field office based in Nairobi, Kenya. The organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. It is also registered as a nongovernmental organization (NGO) in Kenya under the Non-Governmental Organizations Coordination Act. HKI is supported primarily through donor contributions and grants.

The HKI runs four programs:

- The Girl's Empowerment Project (GEP) - This is a multi-phase program offering a safe community for girls and young women to learn about their human rights and how to access them while addressing avenues for self-sufficiency and leadership building. Participants engage in basic education, life skills, vocational training, and income-generating projects.
- The Heshima Kenya Safe House (SH) - Heshima Kenya's Safe House provides temporary shelter to unaccompanied refugee children and youth, and on an exceptional basis, vulnerable refugee women who are experiencing homelessness or significant protection issues related to sexual gender based violence or other forms of abuse. Participants begin to recover through a safe and peaceful environment and emotional support. Participants also have access to Heshima Kenya's other programs.
- The Case Management Program (CM) - Due to a myriad of health, emotional and physical protection issues experienced by unaccompanied refugee children and youth, comprehensive case management support is necessary to ensure success in other programs. Heshima Kenya provides the following services to all participants: medical, psychosocial counseling, staff accompaniment to all appointments, and on a case-by-case basis, material assistance in the form of food, clothing and personal effects and foster care assistance to ensure protection and reduce future displacement through home visits, distribution of monthly food items and other resource provisions when necessary.
- Sexual and Gender Based Violence Initiative (SGBV) - This initiative creates awareness of and fosters access to SGBV prevention and response among the urban refugee populations through community trainings, the establishment of a more streamlined emergency referral system between organizations, and a fund for refugee women who have experienced trauma or are at a risk of SGBV.

HESHIMA KENYA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Heshima Kenya's safe house services have also been extended to include young women affected by sexual and gender based violence.

HKI has partnered with the United Nations High Commissioner for Refugees (UNHCR) Kenya to run the following temporary programs.

- Child Protection (CP) / Protection of Urban Refugee Children – In 2015 and 2016, HKI has served as a Child Protection Implementing partner with UNHCR under the mandate of identifying and protecting unaccompanied refugee minors. Through the partnership with UNHCR Kenya, the Child Protection Project aims to identify, protect and address the well-being of refugee children who are either unaccompanied, separated, orphans, at risk or with special needs in Nairobi, Mombasa and Nakuru. Activities covered under the Child Protection Project include but not limited to best interest assessments and determination, home assessments, family tracing, material support, identifying and training foster parents, creating safe spaces, birth registration and certification assistance.
- Livelihoods Project (LP) - In 2016, HKI received a grant from the UNHCR for a pilot Livelihoods Project titled “Youth Initiative Fund – Kakuma Project”. This project seeks to strengthen the capacity of Kenya's urban and camp-based refugees by bringing together two groups of refugees (Maisha Collective and Ref-threads) to collaborate across borders on a line of hand bags. Capacity building trainings and base line survey was undertaken. A fully fledged project will be undertaken in the future.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

(b) Financial Statement Presentation

These financial statements have been prepared to focus on HKI as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets – permanently restricted, temporarily restricted, or unrestricted as recommended by the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 958-205, “Not-for-Profit Organizations”.

HESHIMA KENYA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets: Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met by actions of HKI and/or passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that must be maintained by HKI. Generally, the donors to these assets permit HKI to use all or part of the income earned on related investments for general or specific purposes. As of December 31, 2016, HKI had no permanently restricted net assets.

(c) Cash and Cash Equivalents

The HKI considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

(d) Receivables

Grants receivable at December 31, 2016 represents amount of grant funds collectible from five foundations.

Contributions receivable of \$6,000 is collectible within one year.

(e) Inventory

Inventory consisting of fabrics, threads, dyes and finished scarves and other products is stated at lower of cost or market and on an average cost basis. The total value of inventory was \$15,188 as of December 31, 2016.

(f) Property and Equipment

HKI capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is stated at cost. Depreciation is calculated on straight-line basis over estimated useful lives ranging from three to four years.

HESHIMA KENYA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

(g) Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist principally of prepaid rent and rental security deposits.

(h) Revenue Recognition

Income from contributions and grants received are recorded as unrestricted or restricted support, depending on the existence or nature of any donor restrictions that limit use of the donated asset. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(i) Foreign Currency Translations

Assets and liabilities held in foreign currencies are translated at the exchange rate in effect at the end of the year. Transactions denominated in foreign currencies are translated at the approximate rates of exchange in effect at the time of the transactions. Translation gains and losses resulting from exchange rate fluctuations are included in current year foreign exchange gains (losses).

(j) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Areas where estimates are used in the accompanying financial statements include depreciable lives of fixed assets. Actual results could differ from those estimates.

(k) Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

HESHIMA KENYA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

(3) GRANTS RECEIVABLE

Grants receivable is expected to be collectible as follows:

In less than one year	\$ 373,581
In one to five years	<u>150,000</u>
Total	<u><u>\$ 523,581</u></u>

(4) INVENTORY

Inventory at December 31, 2016 is composed of:

Raw materials and work in process	\$ 3,896
Finished goods	<u>11,292</u>
Total	<u><u>\$ 15,188</u></u>

(5) PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended June 30, 2016 is as follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Cost				
Vehicles	\$ 33,427	\$ -	\$ -	\$ 33,427
Computers	2,357	-	-	2,357
Total cost being depreciated	<u>35,784</u>	<u>-</u>	<u>-</u>	<u>35,784</u>
Less: Accumulated depreciation				
Vehicles	28,882	1,527	-	30,409
Computers	393	786	-	1,179
Total accumulated depreciation	<u>29,275</u>	<u>2,313</u>	<u>-</u>	<u>31,588</u>
Property and equipment, net of depreciation	<u>\$ 6,509</u>	<u>\$ 2,313</u>	<u>\$ -</u>	<u>\$ 4,196</u>

Depreciation expense for the year is \$2,313.

HESHIMA KENYA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

(6) TAX-EXEMPT STATUS

HKI is a not-for-profit corporation as described in Section 501 (c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

HKI is subject to audits by taxing jurisdictions; however, no audit for any tax period is currently in progress. Management believes that HKI is no longer subject to such audits for years ended prior to December 31, 2016.

(7) RETIREMENT PLAN

All employees of HKI in Kenya are members of the National Social Security Fund (NSSF). Total contribution to NSSF by HKI for the year amounted to \$960. HKI established a retirement plan which was effective in February 2013 for Kenya employees and effective in January 2014 for US employees. HKI contributes five percent of basic salary to the retirement plan on behalf of all full time employees aged between 18 and 60 years old. Total contributions under the HKI established retirement plan was \$23,279. Combined contributions to both retirement plans totaled \$24,239 in 2016.

(8) LEASE COMMITMENTS

The facilities presently used for program activities are under operating leases that are cancelable, both short-term and long-term arrangements. Total rent expense for the year amounted to \$107,121.

(9) CONTINGENCIES

Heshima Kenya, Inc. is currently involved in litigation that arose in the ordinary course of its business. Management believes that the ultimate outcome will be in Heshima Kenya's favor and will have no material effect on HKI's financial position.

(10) GIFTS IN-KIND

Gifts in kind are recorded at their estimated fair market value at the date of gift. These consisted of program supplies in the amount of \$2,513. All such gifts have been

HESHIMA KENYA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

recorded as revenues and expenses as of December 31, 2016.

(11) TEMPORARILY RESTRICTED NET ASSETS

Movement of net assets temporarily restricted for purpose in calendar year 2016 is as follows:

Temporarily restricted net assets, beginning balance	\$ 424,538
Add: Receipt of temporarily restricted grants	<u>727,355</u>
Total	1,151,893
Less: Released restrictions	<u>374,538</u>
Temporarily restricted net assets, ending balance	<u><u>\$ 777,355</u></u>

Below are the temporarily restricted net assets at December 31, 2016 and restricted for the following purpose:

<u>Donor/Grantor</u>	<u>Restriction</u>	<u>Amount</u>
Total		<u><u>\$ 777,355</u></u>

(12) PRIOR PERIOD ADJUSTMENT

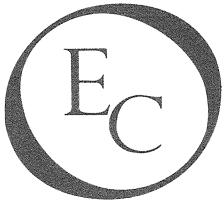
The net assets as of December 31, 2015 have been restated from the amount previously reported. Inventory as of December 31, 2015 were recorded as expenses in the 2015 financial statements. The effect of this restatement is as follows:

Net assets at December 31, 2015, as previously reported	\$ (72,196)
Adjustment to record inventory recorded as expenses in 2015	<u>37,880</u>
Net assets at December 31, 2015, as restated	<u><u>\$ (34,316)</u></u>

HESHIMA KENYA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

(13) EVALUATION OF SUBSEQUENT EVENTS

HKI has evaluated subsequent events through August 29, 2017 the date which the financial statements were available to be issued.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
Heshima Kenya, Inc.
Chicago, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Heshima Kenya, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Heshima Kenya, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Heshima Kenya, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Heshima Kenya, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiency in internal control, described in the

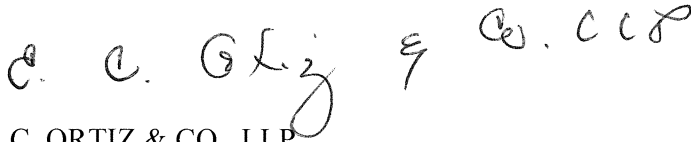
accompanying schedule of finding and response that we consider to be a significant deficiency (2016-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Heshima Kenya, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


E.C. ORTIZ & CO., LLP
Chicago, Illinois
August 29, 2017

HESHIMA KENYA, INC.
SCHEDULE OF FINDING AND RESPONSE
DECEMBER 31, 2016

2016-01. Inadequate control over financial reporting

During our audit, we noted Heshima Kenya Inc. (HKI) did not account the inventory and associated cost of goods sold related to its Maisha program. All costs related to the production of Maisha products were recorded as expenses. HKI analyzed its expenses related to Maisha program and as a result the following adjustments were made at December 31, 2016:

- Recognize inventory totaling \$15,188;
- Record cost of goods sold totaling \$57,232; and
- Recognize a prior period adjustment totaling \$37,880.

Criteria

In order to ensure financial information is useful in decision making and evaluating managerial and organizational performance, as well as demonstrating accountability and stewardship, controls must be properly designed, in place, and operating effectively to ensure HKI's accounting and financial information is fairly stated in accordance with generally accepted accounting principles.

As part of that requirement, there should be adequate controls in place over the processing of transactions recorded in the general ledger to prevent/detect a misstatement. Management is required to ensure that all transactions of the HKI are properly recorded in the general ledger.

Cause

The Maisha started as a livelihood activities for the Girls Empowerment Program. Expenses related to this activity were immaterial in the past and were treated as normal program expenses. However, the operations grew and the products started to be sold in the market. Due to the resource constraints, management has not allocated sufficient resources to develop and implement policies and procedures required to adequately determine the cost of Maisha inventories.

Effect

The lack of control over financial reporting increases the risk of material financial statement misstatements.

Recommendation

We recommend management to establish and implement policies and procedures to ensure the amounts reported in the KHI's financial statements are complete, accurate and represent the HKI's actual operations. We also recommend management to develop a

HESHIMA KENYA, INC.
SCHEDULE OF FINDING AND RESPONSE
DECEMBER 31, 2016

cost accounting system to estimate the cost of their products for inventory valuation and cost control. Management needs to ensure proper recording of Inventory and Cost of Goods Sold in accordance with generally accepted accounting principles.

Management Response

Management concurs with this finding.

Corrective Action Plan

A corrective action plan has been implemented to track inventory beginning January 1, 2017; this plan includes tracking inventory through all phases from purchases of materials to final product sales, to allow calculations of cost of goods sold. To address the challenge in terms of staff capacity to maintain Maisha Collective inventory, HKI has since hired new, replacement staff of higher capacity. Management has already developed systems in Excel to capture daily, weekly and monthly inventories of Maisha Collective. This will ensure all the inputs and outputs are captured respectively and information stored. The process which started in 2016 of separating the social aspect (training) from the economic aspect is progressing on well.

Anticipated Date of Completion

December 31, 2017

Contact Person Responsible for Corrective Action

Benedict Nganga (Country Director - Kenya) and Fidelis Muia (Director of Financial Operations – Kenya)

SUPPLEMENTARY INFORMATION

HESHIMA KENYA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program										Supporting			Total
	GEP	SH	CM	SGBV	CP	LP	Program	Fundraising			General		Total	
								Fundraising	Operations	Supporting	Expenditures	Expenditures		
Salaries	\$ 214,423	\$ 97,258	\$ 61,850	\$ 48,249	\$ 137,087	\$ -	\$ 558,867	\$ 107,472	\$ 99,806	\$ 207,278	\$ -	\$ 766,145		
Cost of goods sold	57,232	-	-	-	-	-	57,232	-	-	-	-	57,232		
Contract Services	3,180	727	-	1,108	3,044	506	8,565	10,778	3,176	13,954	-	22,519		
Payroll Taxes	8,049	2,093	1,894	1,915	2	-	13,953	9,145	3,990	13,135	-	27,088		
Health Insurance	14,240	4,955	3,209	3,610	619	-	26,633	4,325	2,700	7,025	-	33,658		
Pension	10,762	3,843	1,470	1,819	-	-	17,894	3,067	2,319	5,386	-	23,280		
Activities	2,471	1,005	-	8,053	-	-	11,529	-	-	-	-	11,529		
Clothing	635	1,927	-	-	-	-	2,562	-	-	-	-	2,562		
Educational Expense	5,229	197	-	-	-	-	5,426	-	-	-	-	5,426		
Emergency Case Management	79	690	5,704	3,259	-	-	9,732	-	-	-	-	9,732		
Meals	30,436	33,605	91	1,323	-	-	65,455	-	7	7	-	65,462		
Medical	-	2,910	2,581	-	-	-	5,491	-	-	-	-	5,491		
Outreach Supplies	-	-	-	110	-	-	110	-	-	-	-	110		
Program Supplies & Assistance	7,366	856	289	1,651	67,398	1,328	78,888	-	-	-	-	78,888		
Residential Care	-	14,821	-	-	-	-	14,821	-	-	-	-	14,821		
Seed Grant	-	-	-	9,606	-	-	9,606	-	-	-	-	9,606		
Stipends	27,690	-	-	1,108	-	-	28,798	-	-	-	-	28,798		
Transitional Support	79	2,450	4,446	-	-	-	6,975	-	-	-	-	6,975		
Travel Assistance	40,774	2,063	4,889	911	-	-	48,637	-	39	39	-	48,676		
Tuition & Related Fees	1,509	211	-	-	-	-	1,720	-	-	-	-	1,720		
Workshops	-	-	-	474	-	-	474	-	262	262	-	736		
Professional Development	-	345	246	246	246	-	1,083	1,635	3,209	4,844	-	5,927		
Dues, Fees & Taxes	7,630	415	13	125	1,791	215	10,189	3,602	9,953	13,555	-	23,744		
Occupancy/Rents	22,557	52,159	10,832	11,531	10,338	-	107,417	6,698	5,948	12,646	-	120,063		
Advertising/Marketing	-	6	-	-	360	-	366	220	-	220	-	586		
Automobile Expenses	1,702	6,930	217	238	9,973	175	19,235	74	2,072	2,146	-	21,381		
Information/Technology	2,976	1,412	1,356	1,241	1,221	-	8,206	970	9,509	10,479	-	18,685		
Repairs & Maint	1,830	9,302	606	602	335	-	12,675	350	788	1,138	-	13,813		
Conference & Meetings	-	-	-	-	361	2,411	2,772	1,546	1,687	3,233	-	6,005		
Travel/Transport Costs	13,118	2,277	982	1,180	7,318	3,008	27,883	13,845	17,203	31,048	-	58,931		
Events	8,256	-	-	-	-	-	8,256	(157)	69	(88)	-	8,168		
Office Supplies	2,504	359	257	329	2,930	-	6,379	351	3,851	4,202	-	10,581		
Postage/Mailings	5,573	11	11	11	-	-	5,606	2,006	505	2,511	-	8,117		
Insurance	1,060	530	530	530	-	-	2,650	331	534	865	-	3,515		
Printing/Copying/Communications	549	18	2	163	9,859	-	10,591	4,082	3,923	8,005	-	18,596		
Legal Fees	73	37	37	37	-	-	184	23	23	46	-	230		
Accounting	13,704	6,852	6,852	6,852	-	-	34,260	4,282	9,204	13,486	-	47,746		
Maisha Sales Commission	228	-	-	-	-	-	228	-	-	-	-	228		
Miscellaneous	111	-	-	-	251	1,724	2,086	699	6,169	6,868	-	8,954		
Depreciation & Amortization	-	-	-	-	-	-	-	-	2,313	2,313	-	2,313		
Charitable Contributions Expense	168	-	-	-	-	-	168	-	210	210	-	378		

**HESHIMA KENYA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program						Supporting				Total Expenses	
	GEP	SH	CM	SGBV	CP	LP	Total Program	Fundraising	General			Total Supporting
									Operations	Supporting		
Refugee Support	\$ 1,750	-	-	\$ -	-	\$ -	\$ 1,750	\$ -	2,116	\$ 2,116	\$ -	\$ 3,866
UNHCR Administrative Costs	-	-	-	-	14,868	-	14,868	-	-	-	-	14,868
	\$ 507,943	\$ 250,264	\$ 108,364	\$ 106,281	\$ 268,001	\$ 9,367	\$ 1,250,220	\$ 175,344	\$ 191,585	\$ 366,929	\$ -	\$ 1,617,149