

# Operation Bootstrap Africa

## Financial Statements Together with Independent Auditors' Report

August 31, 2023

# OPERATION BOOTSTRAP AFRICA

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Operation Bootstrap Africa  
Crystal, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of Operation Bootstrap Africa (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023 and 2022, and the related statement of activities, cash flows and functional expenses 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 Operation Bootstrap Africa as of August 31, 2023 and 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Operation Bootstrap Africa 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 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 Operation Bootstrap Africa'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, 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 Operation Bootstrap Africa'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 Operation Bootstrap Africa'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.

*Olsen Thielman + Co, Ltd.*

Roseville, Minnesota  
January 17, 2024

**OPERATION BOOTSTRAP AFRICA**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2023 AND 2022**

ASSETS		
	2023	2022
<b>CURRENT ASSETS:</b>		
Cash	\$ 69,876	\$ 122,249
Prepaid Expenses	37,715	28,906
Total Current Assets	107,591	151,155
<b>OTHER ASSETS:</b>		
Investment Securities	1,890,482	1,654,988
Total Other Assets	1,890,482	1,654,988
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture and Equipment	5,949	5,949
Less Accumulated Depreciation	5,949	5,949
Net Property and Equipment	—	—
OPERATING LEASE RIGHT-OF-USE ASSET:	22,400	—
<b>TOTAL ASSETS</b>	<b>\$ 2,020,473</b>	<b>\$ 1,806,143</b>
LIABILITIES AND NET ASSETS		
<b>CURRENT LIABILITIES:</b>		
Current Operating Lease Obligations	\$ 17,500	\$ —
Accounts Payable	31,342	29,630
Accrued Expenses	9,596	7,402
Deferred Revenues	20,365	—
Total Current Liabilities	78,803	37,032
OPERATING LEASE OBLIGATION:	6,143	—
<b>NET ASSETS:</b>		
Net Assets without Donor Restrictions	323,624	539,078
Net Assets with Donor Restrictions	1,611,903	1,230,033
Total Net Assets	1,935,527	1,769,111
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,020,473</b>	<b>\$ 1,806,143</b>

*The accompanying notes are an integral part of the financial statements.*

## OPERATION BOOTSTRAP AFRICA

### STATEMENT OF ACTIVITIES YEAR ENDED AUGUST 31, 2023

	2023			Total
	Without Donor Restrictions	With Donor Restrictions		
		Term	Perpetual	
<b>SUPPORT AND REVENUES:</b>				
Contributions	\$ 224,987	\$ 1,402,989	\$ 90,230	\$ 1,718,206
Program Service Revenue	41,678	-	-	41,678
Investment Income	75,383	26,685	-	102,068
Net Assets Released				
From Restrictions	1,138,034	(1,138,034)	-	-
Total Support and Revenues	1,480,082	291,640	90,230	1,861,952
<b>EXPENSES:</b>				
Program Services	1,452,119	-	-	1,452,119
Management and General	140,420	-	-	140,420
Fundraising	102,997	-	-	102,997
Total Expenses	1,695,536	-	-	1,695,536
CHANGE IN NET ASSETS	(215,454)	291,640	90,230	166,416
NET ASSETS at Beginning of Year	539,078	639,033	591,000	1,769,111
NET ASSETS at End of Year	\$ 323,624	\$ 930,673	\$ 681,230	\$ 1,935,527

*The accompanying notes are an integral part of the financial statements.*

## OPERATION BOOTSTRAP AFRICA

### STATEMENT OF ACTIVITIES YEAR ENDED AUGUST 31, 2022

	2022			
	Without Donor Restrictions	With Donor Restrictions		Total
		Term	Perpetual	
<b>SUPPORT AND REVENUES:</b>				
Contributions	\$ 505,878	\$ 993,093	\$ 141,000	\$ 1,639,971
Program Service Revenue	6,950	–	–	6,950
Investment Losses	(170,103)	(73,987)	–	(244,090)
Net Assets Released				
From Restrictions	974,063	(1,424,063)	450,000	–
Total Support and Revenues	1,316,788	(504,957)	591,000	1,402,831
<b>EXPENSES:</b>				
Program Services	1,178,806	–	–	1,178,806
Management and General	106,560	–	–	106,560
Fundraising	108,141	–	–	108,141
Total Expenses	1,393,507	–	–	1,393,507
CHANGE IN NET ASSETS	(76,719)	(504,957)	591,000	9,324
NET ASSETS at Beginning of Year	615,797	1,143,990	–	1,759,787
NET ASSETS at End of Year	\$ 539,078	\$ 639,033	\$ 591,000	\$ 1,769,111

*The accompanying notes are an integral part of the financial statements.*

## OPERATION BOOTSTRAP AFRICA

### STATEMENT OF CASH FLOWS YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 166,416	\$ 9,324
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Contributed Investments	(24,004)	(49,178)
Non-Cash Lease Expense	17,165	–
Cash Payments on Operating Lease Obligations	(15,922)	–
Realized and Unrealized Investment (Gains) Losses	(45,298)	308,985
Changes in Assets and Liabilities:		
Prepaid Expenses	(8,809)	(27,299)
Accounts Payable	1,712	23,787
Accrued Expenses	2,194	775
Deferred Revenues	20,365	–
Net Cash Flows From Operating Activities	113,819	266,394
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investment Securities	(550,186)	(1,303,507)
Proceeds from Sales of Investment Securities	383,994	174,014
Redemption of Investment Funds Held by Others	–	398,112
Net Cash Flows From Investing Activities	(166,192)	(731,381)
CHANGE IN CASH	(52,373)	(464,987)
CASH at Beginning of Year	122,249	587,236
CASH at End of Year	\$ 69,876	\$ 122,249
SUPPLEMENTAL CASH FLOW INFORMATION:		
Initial Right-of-Use Asset and Lease Obligation Upon Adoption of New Lease Standard	\$ 39,565	\$ –

*The accompanying notes are an integral part of the financial statements.*



**OPERATION BOOTSTRAP AFRICA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2023**

	2023			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 1,225,801	\$ 915	\$ –	\$ 1,226,716
Salaries and Wages	106,046	58,370	28,905	193,321
Travel and Mileage	27,350	15,836	9,897	53,083
Program Service Expenses	45,299	–	–	45,299
Donor Acquisition	–	–	29,732	29,732
Marketing/Hospitality	281	206	24,496	24,983
Audit and Accounting Fees	–	18,949	–	18,949
Legal/Payroll/Professional Fees	7,370	11,491	–	18,861
Payroll Taxes	8,589	4,727	2,341	15,657
Office Rent	8,422	6,176	2,246	16,844
Employee Benefits	6,177	3,400	1,684	11,261
Bank/Credit Card Fees	–	11,106	–	11,106
Program Supplies	6,278	–	–	6,278
Office Supplies	1,926	2,431	468	4,825
Postage and Shipping	1,729	1,400	918	4,047
Insurance Expense	1,467	1,076	391	2,934
Dues/Subscriptions/Memberships	1,369	1,090	365	2,824
Information Technology	1,007	1,196	269	2,472
Communications Expense	970	704	415	2,089
Meetings and Conferences	1,000	587	308	1,895
Website Costs	609	446	162	1,217
Staff Development	196	143	237	576
Miscellaneous Expense	233	171	163	567
	<u>\$ 1,452,119</u>	<u>\$ 140,420</u>	<u>\$ 102,997</u>	<u>\$ 1,695,536</u>

*The accompanying notes are an integral part of the financial statements.*

**OPERATION BOOTSTRAP AFRICA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**

	2022			
	Program Services	Management and General	Fundraising	Total
Grants	\$ 1,006,894	\$ –	\$ –	\$ 1,006,894
Salaries and Wages	93,708	32,462	25,709	151,879
Donor Acquisition	–	–	30,099	30,099
Program Supplies	22,274	–	–	22,274
Marketing/Hospitality	2,696	765	17,528	20,989
Office Rent	9,244	5,634	2,456	17,334
Contracted Services	168	–	16,000	16,168
Legal/Payroll/Professional Fees	–	16,051	–	16,051
Audit and Accounting Fees	–	15,928	–	15,928
Travel and Mileage	6,954	4,070	4,815	15,839
Program Supplies Expense	13,344	–	–	13,344
Payroll Taxes	7,278	2,521	1,997	11,796
Bank/Credit Card Fees	–	11,045	–	11,045
Employee Benefits	5,616	1,945	1,541	9,102
Postage and Shipping	1,365	831	4,040	6,236
Office Supplies	2,521	1,529	672	4,722
Miscellaneous Expense	51	4,530	27	4,608
Dues/Subscriptions/Memberships	1,461	1,754	457	3,672
Invest Admin Fees	–	3,082	–	3,082
Insurance Expense	1,502	915	399	2,816
Website Costs	986	699	342	2,027
Communications Expense	1,076	598	260	1,934
Meetings and Conferences	263	141	1,082	1,486
Information Technology	–	1,303	–	1,303
Printing & Copying	488	297	470	1,255
Equipment Rent/Repair	522	318	139	979
Workers Comp Insurance	379	131	104	614
Staff Development	16	11	4	31
<b>Total Expenses</b>	<b><u>\$ 1,178,806</u></b>	<b><u>\$ 106,560</u></b>	<b><u>\$ 108,141</u></b>	<b><u>\$ 1,393,507</u></b>

*The accompanying notes are an integral part of the financial statements.*

# OPERATION BOOTSTRAP AFRICA

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Operation Bootstrap Africa (the Organization) is incorporated as a Minnesota non-profit corporation to raise funds to assist self-help educational and select primary health care projects in the African countries of Kenya, Tanzania, and Madagascar.

#### Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, expenses, gains and losses, and net assets are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets without donor restrictions are resources available to support operations which the Board of Directors has discretionary control. Designated amounts represent those net assets which the Board has set aside for a particular purpose.

Net Assets with Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

#### Accounting Estimates

The presentation 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Subsequent Events

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through January 17, 2024, the date the financial statements were available to be issued.

#### Investments

Investments in marketable securities are stated at fair value, which is determined by quoted market prices in active markets. Realized and unrealized gains and losses are included in the statement of activities. Realized gains and losses are determined using the specific identification method. Interest and dividend income are reported as income when earned.

Included in investments on the statement of financial position are money market funds. The certificates of deposit and money market funds are readily convertible to cash and are stated at cost plus accrued interest, which approximates fair value.

## OPERATION BOOTSTRAP AFRICA

### NOTES TO FINANCIAL STATEMENTS

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#### **NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Investments (Continued)**

Alternative investment fund of funds and private equity fund of funds, for which there is no public market, are valued at net contributions to the fund plus allocated share of undistributed profit and losses, including realized and unrealized gains and losses based on the financial information provided by the investee funds' management, which may include audited financial statements of the investee funds. Because these alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investment will occur in the near future and that such changes could materially affect the investment balances.

##### **Property and Depreciation**

Property and equipment are recorded at original cost. Additions, improvements or major renewals are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gains or losses thereon are reflected in operations. Donated property and equipment are carried at the approximate fair value at the date of donation.

Depreciation is computed using the straight-line method at rates based on the estimated service lives of the various assets as follows:

Furniture and Equipment	5 Years
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##### **Program Grants**

Unconditional grants are recorded as expenses when approved by the Organization's Board of Directors. Grants that are subject to conditions are recorded when the conditions have been substantially met.

##### **Revenue Recognition**

###### Contribution and Grant Revenue

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. 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 reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions are reported as net assets with donor restrictions, even if it is anticipated such restrictions will be met in the current reporting period.

## OPERATION BOOTSTRAP AFRICA

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Revenue Recognition (Continued)**

Net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization when the restrictions are released.

Contributed materials are recorded as contributions, when received, at their fair market value when such value can be objectively and accurately determined.

##### Government Grants and Contract Revenue

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Deferred revenue consists of contract revenue received but not yet expended. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made. Management believes that any disallowances, if any, would not have a significant effect on the statement of financial position.

##### Service Trips

The Organization hosts service trips where revenues are recognized when earned. Revenues consist of donors paying for corresponding trip expenditures that the Organization has incurred in total. There is no mark-up of pricing and revenues received cover the expenses paid.

##### **Income Taxes**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in these financial statements. The Organization had no tax expense in 2023 and 2022.

The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Organization has identified no income tax uncertainties.

The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the Internal Revenue Service.

## OPERATION BOOTSTRAP AFRICA

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Fair Value Measurements

Under generally accepted accounting principles as outlined in the Financial Accounting Standards Board's *Accounting Standards Codification (ASC) 820*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards establish a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Observable inputs such as quoted prices in active markets;

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and,

Level 3 - Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Organization uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

The Organization holds certain assets that are required to be measured at fair value on a recurring basis. The fair values of the Organization's beneficial interest in funds held by others and long-term investments were determined based on inputs as presented in Note 3.

##### Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. General and administrative expenses that are common to several functions are allocated based on the proportion of each program's direct and personnel expenses to the total program direct and personnel expenses.

##### Endowments

The Organization follows the provisions of the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA). This provides guidance on the classification of endowment net assets and enhances disclosure for endowment funds. Under UPMIFA all unappropriated endowment funds are considered net assets with donor restrictions.

##### Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and temporary cash investments. The Organization places its cash and temporary cash investments with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution. As of August 31, 2023, the Organization had no significant concentrations of credit risk.

## OPERATION BOOTSTRAP AFRICA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization maintains and manages adequate operating reserves per policies set by the board of directors. The Finance Committee reviews and recommends reserve policies to the board of directors for approval.

The Organization has established a goal for maintaining an operating reserve of 90 days of budgeted operating expenses, less noncash items such as depreciation. The reserve consists of cash and cash equivalents and assets with donor restrictions that will likely be released within 90 days.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses not including include any grant related expenses, which are, on average, approximately \$117,200. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management the Organization invests cash in excess of daily requirements in various short-term investments, consisting mostly of money market funds.

The Organization's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of August 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash	\$ 69,876	\$ 122,249
Prepaid Expenses	37,715	28,906
Investment Securities	1,890,482	1,654,988
Total Financial Assets	<u>1,998,073</u>	<u>1,806,143</u>
Less Financial Assets Held to Meet Donor Restrictions:		
Purpose Restricted-Net Assets	977,975	713,020
Donor-Restricted Endowment Funds	633,928	517,013
Less Financial Assets Held to Meet Donor Restrictions	<u>1,611,903</u>	<u>1,230,033</u>
Less Financial Assets not Available within One Year:		
Board Designated Endowment Funds	<u>377,790</u>	<u>360,308</u>
Amounts Available for General Expenditure within One Year	<u>\$ 8,380</u>	<u>\$ 215,802</u>

The above table reflects donor-restricted and board-designated endowment funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the organization. However, in the case of need, the Board of Directors could appropriate resources from its designated endowment fund of \$377,790.

## OPERATION BOOTSTRAP AFRICA

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 3 - INVESTMENTS

The Organization's investment securities are measured at fair value using Level 1 inputs and consisted of the following at August 31, 2023 and 2022:

	2023		2022	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Mutual Funds	\$ 1,341,090	\$ 1,291,940	\$ 1,318,989	\$ 1,180,377
Close End Funds	624,784	598,542	512,547	474,611
Total	<u>\$ 1,965,874</u>	<u>\$ 1,890,482</u>	<u>\$ 1,831,536</u>	<u>\$ 1,654,988</u>

The fair value of the Organization's investment securities are determined by reference to quoted market prices and other relevant information generated by market transactions. These investments are classified within Level 1 of the valuation hierarchy.

Investment income was the following at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$ 56,770	\$ 64,895
Unrealized Gains (Losses)	80,538	(312,663)
Realized Gains (Losses)	<u>(35,240)</u>	<u>3,678</u>
Total Investment Income (Loss)	<u>\$ 102,068</u>	<u>\$ (244,090)</u>



**OPERATION BOOTSTRAP AFRICA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - NET ASSETS**

Net assets with donor restrictions consist of the following at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Perpetually Restricted:		
Mark & Linda Jacobson Scholarship Endowment	<u>\$ 681,230</u>	<u>\$ 591,000</u>
Term Restricted:		
ALMC School of Nursing Scholarship Fund	382,063	425,232
Kilimanjaro	243,074	-
Madagascar Luth	56,740	-
MGLSS Special Projects	51,922	57,278
Bassodawish Primary School	50,116	3,383
Makanta	33,605	105
Eric Hanson Scholarship Fund	29,535	40,976
Simonson	29,232	29,232
Msinjili School	22,691	-
Disaster Relief	21,323	28,803
Nursing Special Project	19,459	22,968
Lake Area Annu	15,738	15,738
Olarash Primary School	6,491	10,411
MSS Special Project	4,907	3,897
Gracious School	3,495	3,315
Moringe Sokoine	3,330	-
Ketumbeine PS	2,994	806
Arusha Lutheran Medical Centre	783	-
School Supplies	270	-
Jifunze	99	4,849
Olchoki Special	90	-
Nursing School Construction Project	18	18
Secondary and Post-Secondary Scholarship Fund	-	33,067
Madagascar Lunch	-	27,667
Other East African School's Project	-	4,758
Ilboro	-	407
Tours	-	110
Mark & Linda Jacobson Scholarship Endowment	<u>(47,302)</u>	<u>(73,987)</u>
Total Term Restricted Funds	<u>930,673</u>	<u>639,033</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,611,903</u>	<u>\$ 1,230,033</u>

Net assets with donor restrictions released from restriction were \$1,138,034 and \$974,063 in August 31, 2023 and 2022. Net assets with donor restrictions were released from restriction due to satisfaction of program restrictions.

## OPERATION BOOTSTRAP AFRICA

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 6 - ENDOWMENT FUNDS

The Organization's endowment consists of three individual funds established either by donors (donor-restricted endowment funds) and or by resources set aside by the Board of Directors to function as endowments (board-designated endowment funds). Donor-restricted endowment funds are further divided into those that provide a perpetual source of support for the Organization's activities (perpetual endowments) and those that are restricted by donors for investment for a specified term (term endowments). As required by generally accepted accounting principles, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the prudent expenditure of donor-restricted endowment funds. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Organization. In making a determination to appropriate, an organization shall act in good faith with the care that a prudent person would exercise. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (perpetual endowments) (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 as perpetual endowments is classified as term endowments until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers an endowment fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. Investment activities within one of the endowment funds has caused that fund to be underwater by \$47,302.

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 purpose 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.

## OPERATION BOOTSTRAP AFRICA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 6 - ENDOWMENT FUNDS (Continued)

The Organization has adopted an investment policy and philosophy that concentrates on providing long-term support, balanced with a need for short-term grant distributions within a five-year time horizon. This is accomplished through a strategic plan that strives to maintain and grow the investment corpus and provide annual earnings to support the Organization's mission. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that preserve the inflation-adjusted value of the fund and maximize total return within reasonable and prudent levels of risk. The Organization targets a diversified asset allocation plan, sets performance benchmarks and has established various asset quality and limitation thresholds.

UPMIFA permits the prudent expenditure of donor restricted endowment funds. The Organization has approved an appropriation policy of spending a prudent amount of the endowment fund's market value annually, if the fund is not underwater. The amount to be distributed shall be determined based on the need and requests for scholarships and the availability of sufficient market value of the fund assets.

The following table shows the endowment-related activities for the years ending August 31, 2023 and 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
		Term	Perpetual	
Endowment Net Assets, August 31, 2021	\$ 428,201	\$ -	\$ -	\$ 428,201
Contributions	-	-	141,000	141,000
Repurposed Term Restricted Net Assets	-	-	450,000	450,000
Interest and Dividend Income	4,148	17,922	-	22,070
Investment Losses	(67,723)	(88,595)	-	(156,318)
Investment Management Fees	<u>(4,318)</u>	<u>(3,314)</u>	<u>-</u>	<u>(7,632)</u>
Endowment Net Assets, August 31, 2022	360,308	(73,987)	591,000	877,321
Contributions	<b>2,075</b>	<b>-</b>	<b>90,230</b>	<b>92,305</b>
Interest and Dividend Income	<b>10,340</b>	<b>16,822</b>	<b>-</b>	<b>27,162</b>
Investment Gains	<b>8,742</b>	<b>15,684</b>	<b>-</b>	<b>24,426</b>
Investment Management Fees	<u><b>(3,675)</b></u>	<u><b>(5,821)</b></u>	<u><b>-</b></u>	<u><b>(9,496)</b></u>
Endowment Net Assets, August 31, 2023	<u><b>\$ 377,790</b></u>	<u><b>\$ (47,302)</b></u>	<u><b>\$ 681,230</b></u>	<u><b>\$ 1,011,718</b></u>

#### NOTE 7 - RETIREMENT PLAN

The Organization has a Simple IRA plan. Eligible employees may contribute up to 8% of their salaries. The Organization provides a matching contribution up to 3% of the qualified employee salaries. Organization expense for the Plan was \$5,799 in 2023 and \$4,556 in 2022.

## OPERATION BOOTSTRAP AFRICA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 8 - LEASE COMMITMENTS

The Organization leases its principal office space in Crystal, Minnesota under a non-cancelable lease. This lease extends to December 31, 2024. The Organization also leases certain equipment under terms that expire on various dates in 2024 and 2025.

The components of lease expense are included in Rent Expense on Statement of Functional Expenses in the Statement of Activities for the year ended August 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Lease Expense under ASC 840 (Legacy Standard)	\$ -	\$ 17,335
Amortization of Right of Use Asset	<u>15,571</u>	<u>-</u>
Total Lease Expense	<u>\$ 15,571</u>	<u>\$ 17,335</u>

Operating lease right-of-use assets were \$23,643 as of August 31, 2023.

The maturity of operating lease liabilities as of, August 31, 2023 are as follows:

Commitments:		
2024		\$ 18,400
2025		6,200
Total Lease Payments		<u>24,600</u>
Less Interest		<u>(957)</u>
Present Value of Lease Obligation		<u>\$ 23,643</u>
Statement of Financial Position Presentation:		
Current Portion of Operating Lease Obligation		\$ 17,500
Non-Current Operating Lease Obligation		<u>6,143</u>
Present Value of Lease Obligation		<u>\$ 23,643</u>

The weighted average remaining lease term related to the Organization's operating lease liability as of August 31, 2023, was two years.

The discount rate related to the Organization's operating lease liabilities as of August 31, 2023 was 6.25%. The discount rates are generally based on estimates of the Organization's incremental borrowing rate, as the discount rates implicit in the Organizations leases cannot be readily determined.