

Naomi's Village, Inc.

Financial Statements

December 31, 2025



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Naomi's Village, Inc.
Argyle, Texas

Opinion

We have audited the accompanying financial statements of Naomi's Village, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2025, 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 Organization as of December 31, 2025, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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



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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 Organization'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 Organization'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.

KHA Accountants, PLLC

Denton, Texas
September 1, 2026

Naomi's Village, Inc.
Statement of Financial Position
December 31, 2025

Assets

Current assets

Cash and cash equivalents	\$ 1,654,703
Investments	169,255
Total current assets	<u>1,823,958</u>

Property and equipment

Property and equipment	11,910
Less: accumulated depreciation	<u>(8,815)</u>
Total property and equipment	<u>3,095</u>

Total assets	<u><u>\$ 1,827,053</u></u>
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Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 30,544
Accrued expenses	195,007
Total current liabilities	<u>225,551</u>

Total liabilities	225,551
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Net assets

With donor restrictions	400,000
Without donor restrictions	<u>1,201,502</u>
Total net assets	<u>1,601,502</u>

Total liabilities and net assets	<u><u>\$ 1,827,053</u></u>
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The notes to financial statements are an integral part of this statement.

Naomi's Village, Inc.
Statement of Activities
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 1,308,554	\$ 2,279,184	\$ 3,587,738
Fundraisers	764,031	-	764,031
Mission and internship service revenue	368,290	-	368,290
Net assets released from restriction	2,178,574	(2,178,574)	-
Total support and revenues	4,619,449	100,610	4,720,059
Investment income			
Investment interest and dividends	4,183	-	4,183
Unrealized and realized gain on investments	10,247	-	10,247
Total investment income	14,430	-	14,430
Total support, revenues, and investment income	4,633,879	100,610	4,734,489
Expenses			
Program services	2,990,005	-	2,990,005
Management and general	320,681	-	320,681
Fundraising	187,722	-	187,722
Total expenses	3,498,408	-	3,498,408
Other income			
Other income	25,857	-	25,857
Interest income	17,075	-	17,075
Total other income	42,932	-	42,932
Change in net assets	1,178,403	100,610	1,279,013
Net assets at beginning of year	\$ 23,099	\$ 299,390	\$ 322,489
Net assets at end of year	\$ 1,201,502	\$ 400,000	\$ 1,601,502

The notes to financial statements are an integral part of this statement.

Naomi's Village, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2025

	<u>Supporting Services</u>			
	Program Services	Management and General	Fundraising	Total
Bank fees	\$ -	\$ 74,808	\$ -	\$ 74,808
Depreciation	-	1,428	-	1,428
Development and training	23,430	3,055	2,502	28,987
Equipment rental and supplies	90,766	-	-	90,766
Gala fundraising	-	-	75,248	75,248
Golf tournament fundraising	-	-	77,346	77,346
Ministry OTG (On the Ground)	2,361,455	-	-	2,361,455
Miscellaneous expenses	-	10,432	-	10,432
Naomi's Village store expenses	-	-	12,031	12,031
Office expenses	-	41,277	1,898	43,175
Payroll	412,937	123,223	-	536,160
Payroll taxes	32,449	9,443	-	41,892
Printing and postage	10,208	307	14,000	24,515
Professional fees	-	34,510	-	34,510
Reimbursements	19,423	-	-	19,423
Rent	-	2,727	-	2,727
Travel	39,337	19,471	-	58,808
Year end campaign	-	-	4,697	4,697
Total expenses	<u>\$ 2,990,005</u>	<u>\$ 320,681</u>	<u>\$ 187,722</u>	<u>\$ 3,498,408</u>

The notes to financial statements are an integral part of this statement.

Naomi's Village, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2025

Cash flows from operating activities

Change in net assets	\$ 1,279,013
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	1,428
Dividends and interest from investments	(4,183)
Net unrealized and realized gain on investments	(10,247)
Donated investments	(119,144)
Increase in liabilities:	
Accounts payable	23,467
Accrued expenses	(354,613)
Net cash provided by operating activities	<u>815,721</u>

Cash flows from investing activities

Proceeds from sales of investments	<u>144,740</u>
Net cash provided by investing activities	<u>144,740</u>

Net increase in cash and cash equivalents 960,461

Cash and cash equivalents at beginning of year 694,242

Cash and cash equivalents at end of year \$ 1,654,703

Supplemental disclosure of cash flow information

Interest paid	\$ -
Income taxes paid	\$ -

The notes to financial statements are an integral part of this statement.

Note 1. Nature of operations

Naomi's Village, Inc. (the Organization) was incorporated in March 2012. The Organization is located near the town of Maai Mahiu, Kenya, and their mission is "to provide all that is necessary, for every child we serve, at every age, so they will grow up to be world changers". The Organization is supported primarily by donor contributions.

Note 2. Summary of significant accounting policies

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of presentation

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide). ASC 958 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified 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 the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Accounting estimates

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

Note 2. Summary of significant accounting policies, continued

Cash and cash equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits and may from time to time exceed the federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Property and equipment

Property and equipment are carried at cost, or if donated, at fair value on the date of donation. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of 5 years. Depreciation expense for the year ended December 31, 2025 was \$1,428.

Investments

The Organization's investments in marketable securities primarily consist of money market and mutual funds, are accounted for as trading securities, and are stated at fair value in the statement of financial position. Interest, dividends and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Accrued contributions payable

The Organization recognizes contributions payable when an unconditional promise to give has been made and the amount is reasonably estimable. Such amounts are recorded as liabilities in the period the promise is received, net of any discounts for present value if payment is due beyond one year. Accrued contributions payable are stated at their net realizable value and are generally expected to be settled within the following fiscal year unless otherwise specified by the donor. Conditional promises to give are not recognized until the conditions are substantially met.

Revenue recognition

The Organization's revenue includes (a) contributions and other nonreciprocal support accounted for under ASC 958-605 and (b) exchange transactions accounted for under ASC 606. Exchange transactions are transfers in which each party receives and sacrifices commensurate value; the Organization applies ASC 606 (or other applicable GAAP) to exchange transactions.

Contributions (ASC 958-605) - Unconditional contributions are recognized when pledged and conditional promises to give are recognized when conditions are substantially met. Contribution revenue is classified as net assets with donor restrictions or without donor restrictions, and releases from restriction are recorded when donor restrictions are satisfied.

Mission and internship revenue (ASC 958-605 and ASC 606) - Mission and internship revenue includes both (i) a nonexchange/nonreciprocal component accounted for as contributions under ASC 958-605 and (ii) an exchange component accounted for under ASC 606, as applicable. The Organization's mission and internship exchange revenue is recognized at a point in time when the related program occurs and the related goods or services are provided. For the year ended December 31, 2025, mission and internship exchange revenue recognized at a point in time was \$236,594.

Note 2. Summary of significant accounting policies, continued

The Organization had no contract assets or contract liabilities related to the mission and internship program at December 31, 2025 or December 31, 2024.

Fundraising activities with direct donor benefits

Fundraising transactions are considered exchange transactions as they provide direct benefits to donors/attendees. The Organization records such transactions under ASC 606, when applicable, and when the Organization satisfies its performance obligations by transferring the promised goods or services to the customer in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. Amounts recognized as ASC 606 revenue are presented separately from contribution revenue in the statement of activities. The Organization's performance obligation for fundraising exchange transactions is to provide direct benefits to donors/attendees (for example, meals, entertainment, goods, or other benefits) in connection with fundraising events. Revenue is recognized at a point in time when the event occurs and the related direct benefits are provided. Fundraising revenue as recorded under ASC 606 for the year ended December 31, 2025 was \$764,031 and all is recognized at a point in time. There were no associated contract balances (accounts receivable, contract assets, or contract liabilities) at December 31, 2025 or 2024, respectively.

Functional allocation of expenses

Expenses are charged directly to program services, fundraising, and management and general expense based on specific identification when applicable. Indirect expenses have been allocated based on the nature of the expense.

Advertising costs

The Organization expenses advertising costs as incurred.

Income taxes

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. Accordingly, no federal or state income taxes are recorded in the accompanying financial statements.

Accounting for uncertainty in income taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of activities or accrued in the statement of financial position. Federal tax returns of the Organization are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Subsequent events

The Organization has evaluated subsequent events through September 1, 2026, the date which the financial statements were available to be issued.

Naomi's Village, Inc.
Notes to Financial Statements

Note 3. Fair value measurements

The Organization measures certain assets and liabilities at fair value. Fair value is defined as 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. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs and are required to be consistent with one or more of the following approaches: market, income, and cost.

The Organization uses the following fair value hierarchy that prioritizes the inputs used to measure fair value into three broad levels:

- **Level 1 inputs** are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- **Level 2 inputs** are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3 inputs** are unobservable inputs that are significant to the fair value measurement.

The following table presents the Organization's assets measured at fair value on a recurring basis as of December 31, 2025, by level within the fair value hierarchy:

Description	Investments at Fair Value			Total
	Level 1	Level 2	Level 3	
Money market	\$ 47,679	\$ -	\$ -	\$ 47,679
Mutual funds	121,576	-	-	121,576
	<u>\$ 169,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,255</u>

Money market funds and mutual funds are valued using unadjusted quoted prices in active markets and are classified within Level 1 of the fair value hierarchy.

Note 4. Investments

Investments are reported at fair value in the statement of financial position. Investment return is reported in the statement of activities as increases or decreases in net assets without donor restrictions unless the use of the return is limited by donor-imposed restrictions or by law.

Investment return consists of interest, dividends, and net gains and losses on investments. The statement of activities presents investment return in separate line items for interest and dividends and net gain on investments. Net gain on investments includes both realized and unrealized gains and losses, aggregated. Investment return is reported net of related external and direct internal investment expenses.

Note 5. Related parties

The Organization provides monthly support to Naomi's Village Hope Self Help Group, Cornerstone Preparatory Association, and Cornerstone Endowment Limited. These related parties have the same founder as the Organization. Naomi's Village Hope Self Help Group and Cornerstone Preparatory Association are located in Kenya. In 2025, total support provided to Naomi's Village Hope Self Help Group and Cornerstone Preparatory Association was \$3,601,413 and is reported as Ministry OTG (On the Ground) expense in the statement of functional expenses.

Naomi's Village, Inc.
Notes to Financial Statements

Note 6. Accrued expenses

Accrued expenses consisted of the following at December 31, 2025:

Accrued contributions payable	\$ 166,886
Accrued credit card payables	23,358
Accrued payroll and related expenses	<u>4,763</u>
	<u>\$ 195,007</u>

Note 7. Liquidity

Financial assets available for general expenditure within one year are as follows as of December 31, 2025:

Cash and cash equivalents	\$ 1,654,703
Investments	<u>169,255</u>
Total financial assets	<u>\$ 1,823,958</u>

As part of its liquidity management, the Organization has a goal to maintain its financial assets to be available as its general expenditures, liabilities, and other obligations come due.