

FINANCIAL STATEMENTS



Shining Hope
for Communities

**FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**

SHINING HOPE FOR COMMUNITIES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Shining Hope for Communities, Inc.
New York, New York

Opinion

We have audited the accompanying financial statements of Shining Hope for Communities, Inc. (SHOFCO), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows 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 SHOFCO as of December 31, 2024 and 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SHOFCO 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 SHOFCO'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.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

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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 SHOFECO'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 SHOFECO'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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

June 26, 2025

SHINING HOPE FOR COMMUNITIES, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,230,041	\$ 21,252,667
Investments	17,567,699	22,359,099
Grants receivable	1,502,330	3,266,383
Prepaid expenses and other assets	<u>245,794</u>	<u>272,304</u>
Total current assets	<u>33,545,864</u>	<u>47,150,453</u>
PROPERTY AND EQUIPMENT		
Land	7,234,262	780,488
Buildings and improvements	4,763,147	3,422,956
Program equipment	1,193,031	1,038,708
Water supply infrastructure	3,916,564	1,936,705
Software	153,113	96,242
Vehicles	<u>1,047,697</u>	<u>918,836</u>
	18,307,814	8,193,935
Less: Accumulated depreciation and amortization	<u>(2,938,468)</u>	<u>(2,421,764)</u>
Net property and equipment	<u>15,369,346</u>	<u>5,772,171</u>
NONCURRENT ASSETS		
Security deposits	10,675	10,675
Construction in progress	501,471	2,374,296
Grants receivable, net	<u>1,118,035</u>	<u>761,996</u>
Total noncurrent assets	<u>1,630,181</u>	<u>3,146,967</u>
TOTAL ASSETS	<u>\$ 50,545,391</u>	<u>\$ 56,069,591</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 920,335	\$ 1,085,687
Refundable advances	<u>10,775,016</u>	<u>14,750,519</u>
Total liabilities	<u>11,695,351</u>	<u>15,836,206</u>
NET ASSETS		
Without donor restrictions	31,584,389	34,899,570
With donor restrictions	<u>7,265,651</u>	<u>5,333,815</u>
Total net assets	<u>38,850,040</u>	<u>40,233,385</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 50,545,391</u>	<u>\$ 56,069,591</u>

SHINING HOPE FOR COMMUNITIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Foundation grants	\$ 647,065	\$ 21,126,873	\$ 21,773,938
Net investment return	1,490,000	-	1,490,000
Individual contributions	1,237,066	-	1,237,066
Project income	156,587	-	156,587
Corporate contributions	77,595	-	77,595
In-kind contributions	8,974	-	8,974
Loss on disposal of fixed assets	4,314	-	4,314
Net assets released from donor restrictions	<u>19,195,037</u>	<u>(19,195,037)</u>	<u>-</u>
Total support and revenue	<u>22,816,638</u>	<u>1,931,836</u>	<u>24,748,474</u>
EXPENSES			
Program Services:			
Health	2,218,555	-	2,218,555
WASH	305,612	-	305,612
Essential Services	1,168,188	-	1,168,188
Sustainable Livelihoods	3,400,037	-	3,400,037
Girls Leadership and Education	1,942,724	-	1,942,724
SUN	6,761,309	-	6,761,309
SACCO	770,654	-	770,654
Kenya Program Operations	<u>4,734,566</u>	<u>-</u>	<u>4,734,566</u>
Total program services	<u>21,301,645</u>	<u>-</u>	<u>21,301,645</u>
Supporting Services:			
General and Administrative	2,119,712	-	2,119,712
Development	<u>2,503,013</u>	<u>-</u>	<u>2,503,013</u>
Total supporting services	<u>4,622,725</u>	<u>-</u>	<u>4,622,725</u>
Total expenses	<u>25,924,370</u>	<u>-</u>	<u>25,924,370</u>
Changes in net assets before other item	(3,107,732)	1,931,836	(1,175,896)
OTHER ITEM			
Currency loss	<u>(207,449)</u>	<u>-</u>	<u>(207,449)</u>
Changes in net assets	(3,315,181)	1,931,836	(1,383,345)
Net assets at beginning of year	<u>34,899,570</u>	<u>5,333,815</u>	<u>40,233,385</u>
NET ASSETS AT END OF YEAR	<u>\$ 31,584,389</u>	<u>\$ 7,265,651</u>	<u>\$ 38,850,040</u>

SHINING HOPE FOR COMMUNITIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Foundation grants	\$ 1,149,795	\$ 15,821,815	\$ 16,971,610
Net investment return	857,893	-	857,893
Individual contributions	1,532,806	56,511	1,589,317
Project income	2,833	-	2,833
Corporate contributions	42,181	-	42,181
In-kind contributions	19,562	-	19,562
Net assets released from donor restrictions	<u>19,179,241</u>	<u>(19,179,241)</u>	<u>-</u>
Total support and revenue	<u>22,784,311</u>	<u>(3,300,915)</u>	<u>19,483,396</u>
EXPENSES			
Program Services:			
Health	1,599,706	-	1,599,706
WASH	886,880	-	886,880
Essential Services	2,154,536	-	2,154,536
Sustainable Livelihoods	2,825,654	-	2,825,654
Girls Leadership and Education	1,422,842	-	1,422,842
SUN	2,496,549	-	2,496,549
SACCO	4,270,374	-	4,270,374
Kenya Program Operations	<u>3,745,891</u>	<u>-</u>	<u>3,745,891</u>
Total program services	<u>19,402,432</u>	<u>-</u>	<u>19,402,432</u>
Supporting Services:			
General and Administrative	789,466	-	789,466
Development	<u>662,201</u>	<u>-</u>	<u>662,201</u>
Total supporting services	<u>1,451,667</u>	<u>-</u>	<u>1,451,667</u>
Total expenses	<u>20,854,099</u>	<u>-</u>	<u>20,854,099</u>
Changes in net assets before other item	1,930,212	(3,300,915)	(1,370,703)
OTHER ITEM			
Currency gain	<u>36,531</u>	<u>-</u>	<u>36,531</u>
Changes in net assets	1,966,743	(3,300,915)	(1,334,172)
Net assets at beginning of year	<u>32,932,827</u>	<u>8,634,730</u>	<u>41,567,557</u>
NET ASSETS AT END OF YEAR	<u>\$ 34,899,570</u>	<u>\$ 5,333,815</u>	<u>\$ 40,233,385</u>

SHINING HOPE FOR COMMUNITIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services					
	Health	WASH	Essential Services	Sustainable Livelihoods	Girls Leadership and Education	SUN
Salaries with benefits and taxes	\$ 1,213,693	\$ 95,354	\$ 373,451	\$ 781,614	\$ 656,098	\$ 2,529,313
Scholarships	-	-	-	1,676,439	354,554	69,803
Professional fees	14,085	34,109	1,062	53,882	35,088	32,843
Program supplies	122,379	16,449	184,927	170,798	190,783	443,461
Program food	31,953	2,345	90,613	51,912	160,473	897,271
Travel and transportation	27,957	44,887	280,271	213,738	107,420	239,316
Repairs and maintenance	33,979	24,898	20,520	12,852	59,896	826,095
Program equipment, software, and rentals	15,924	12,345	95,313	124,403	63,815	436,980
Miscellaneous	5,178	-	4,927	216,793	1,793	610,310
Events and training	49,074	51,671	84,534	28,560	28,215	225,112
Medical supplies	595,499	9	1,920	278	15,938	704
Bad debt	-	-	-	-	-	-
Grants to other organizations	-	-	-	-	500	4,473
Service fees	21,376	3,666	4,271	10,566	44,333	74,447
Rent	10,601	1,534	5,600	10,791	9,585	109,684
Telecom and communications	20,509	-	9,015	20,132	17,502	74,861
Marketing and promotions	15,614	1,245	103	2,180	24,315	48,184
Uniforms	31	648	-	6,784	105,003	18,549
Utilities	-	13,169	2,677	551	5,407	8,303
Bank charges	485	-	225	-	34	22
Printing	6,120	-	4,440	3,436	7,028	27,035
Total expense before depreciation and amortization	2,184,457	302,329	1,163,869	3,385,709	1,887,780	6,676,766
Depreciation and amortization	34,098	3,283	4,319	14,328	54,944	84,543
TOTAL	\$ 2,218,555	\$ 305,612	\$ 1,168,188	\$ 3,400,037	\$ 1,942,724	\$ 6,761,309

See accompanying notes to financial statements.

SHINING HOPE FOR COMMUNITIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services (Continued)			Supporting Services			
	SACCO	Kenya Program Operations	Total Program Services	General and Administrative	Development	Total Supporting Services	Total Expenses
Salaries with benefits and taxes	\$ 191,664	\$ 1,783,238	\$ 7,624,425	\$ 1,044,417	\$ 1,302,598	\$ 2,347,015	\$ 9,971,440
Scholarships	15,689	366	2,116,851	-	-	-	2,116,851
Professional fees	41,328	589,615	802,012	254,912	906,910	1,161,822	1,963,834
Program supplies	24,534	486,585	1,639,916	1,245	1,144	2,389	1,642,305
Program food	28,006	113,877	1,376,450	693	1,797	2,490	1,378,940
Travel and transportation	32,077	289,010	1,234,676	18,274	29,832	48,106	1,282,782
Repairs and maintenance	88,298	130,123	1,196,661	13,666	-	13,666	1,210,327
Program equipment, software, and rentals	106,605	141,114	996,499	48,593	79,761	128,354	1,124,853
Miscellaneous	387	83,992	923,380	433	167	600	923,980
Events and training	76,976	241,440	785,582	6,374	76,341	82,715	868,297
Medical supplies	-	11,967	626,315	30	32	62	626,377
Bad debt	-	-	-	500,000	-	500,000	500,000
Grants to other organizations	48,914	342,453	396,340	-	-	-	396,340
Service fees	20,667	120,493	299,819	51,496	20,858	72,354	372,173
Rent	35,443	14,286	197,524	102,220	4,693	106,913	304,437
Telecom and communications	17,710	73,083	232,812	469	520	989	233,801
Marketing and promotions	15,124	10,102	116,867	16,615	75,707	92,322	209,189
Uniforms	-	5,191	136,206	-	2,239	2,239	138,445
Utilities	2,542	39,179	71,828	-	-	-	71,828
Bank charges	-	25,832	26,598	44,654	-	44,654	71,252
Printing	7,505	10,038	65,602	1,613	414	2,027	67,629
Total expense before depreciation and amortization	753,469	4,511,984	20,866,363	2,105,704	2,503,013	4,608,717	25,475,080
Depreciation and amortization	17,185	222,582	435,282	14,008	-	14,008	449,290
TOTAL	\$ 770,654	\$ 4,734,566	\$ 21,301,645	\$ 2,119,712	\$ 2,503,013	\$ 4,622,725	\$ 25,924,370

See accompanying notes to financial statements.

SHINING HOPE FOR COMMUNITIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services					
					Girls Leadership and Education	
	Health	WASH	Essential Services	Sustainable Livelihoods		SUN
Salaries with benefits and taxes	\$ 1,203,692	\$ 272,138	\$ 556,183	\$ 585,377	\$ 739,874	\$ 1,178,380
Scholarships	-	-	7,801	1,807,159	49,263	21,046
Professional fees	13,833	115,732	318,126	84,828	58,514	56,461
Program supplies	79,380	64,683	406,669	78,459	145,996	157,036
Program food	17,611	1,112	87,102	37,382	107,752	219,032
Travel and transportation	18,889	6,249	188,173	40,924	58,683	153,370
Repairs and maintenance	30,061	14,842	273,656	17,610	48,376	52,567
Program equipment, software, and rentals	30,203	173,875	90,869	69,406	34,977	192,221
Miscellaneous	16,646	33,511	138,907	59,916	1,076	48,228
Events and training	5,830	15,837	19,586	21,816	29,091	137,853
Medical supplies	112,220	1,297	701	-	7,230	-
Bad debt	-	-	11,999	-	-	36,561
Service fees	13,669	5,623	12,873	2,975	33,698	13,863
Rent	4,107	-	3,739	1,965	9,106	84,261
Telecom and communications	6,887	1,650	6,395	4,442	23,631	31,100
Marketing and promotions	7,256	1,095	19,715	1,547	11,264	54,214
Uniforms	211	-	947	5,224	6,109	1,469
Utilities	-	8,541	583	246	911	10,328
Bank charges	376	-	333	-	40	5
Printing	2,446	6,621	2,851	1,907	362	2,616
Total expense before depreciation and amortization	1,563,317	722,806	2,147,208	2,821,183	1,365,953	2,450,611
Depreciation and amortization	36,389	164,074	7,328	4,471	56,889	45,938
TOTAL	\$ 1,599,706	\$ 886,880	\$ 2,154,536	\$ 2,825,654	\$ 1,422,842	\$ 2,496,549

See accompanying notes to financial statements.

SHINING HOPE FOR COMMUNITIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services (Continued)			Supporting Services			
	SACCO	Kenya Program Operations	Total Program Services	General and Administrative	Development	Total Supporting Services	Total Expenses
Salaries with benefits and taxes	\$ 328,868	\$ 1,527,487	\$ 6,391,999	\$ 144,925	\$ 384,574	\$ 529,499	\$ 6,921,498
Scholarships	-	-	1,885,269	-	-	-	1,885,269
Professional fees	25,866	1,129,470	1,802,830	294,046	227,591	521,637	2,324,467
Program supplies	9,924	86,200	1,028,347	1,997	710	2,707	1,031,054
Program food	-	23,738	493,729	850	1,491	2,341	496,070
Travel and transportation	2,150	130,665	599,103	28,141	8,225	36,366	635,469
Repairs and maintenance	406	68,393	505,911	51	-	51	505,962
Program equipment, software, and rentals	1,146	152,968	745,665	135,061	21,400	156,461	902,126
Miscellaneous	-	1,620	299,904	633	1,273	1,906	301,810
Events and training	44,862	228,375	503,250	427	-	427	503,677
Medical supplies	-	1,551	122,999	221	-	221	123,220
Bad debt	3,785,181	10,558	3,844,299	20,119	-	20,119	3,864,418
Service fees	3,573	98,388	184,662	36,646	11,789	48,435	233,097
Rent	30,939	16,298	150,415	80,057	4,389	84,446	234,861
Telecom and communications	-	45,033	119,138	390	260	650	119,788
Marketing and promotions	24,636	19,751	139,478	20,109	499	20,608	160,086
Uniforms	-	392	14,352	-	-	-	14,352
Utilities	45	68,297	88,951	-	-	-	88,951
Bank charges	-	17,917	18,671	4,916	-	4,916	23,587
Printing	-	14,044	30,847	4,286	-	4,286	35,133
Total expense before depreciation and amortization	4,257,596	3,641,145	18,969,819	772,875	662,201	1,435,076	20,404,895
Depreciation and amortization	12,778	104,746	432,613	16,591	-	16,591	449,204
TOTAL	\$ 4,270,374	\$ 3,745,891	\$ 19,402,432	\$ 789,466	\$ 662,201	\$ 1,451,667	\$ 20,854,099

See accompanying notes to financial statements.

SHINING HOPE FOR COMMUNITIES, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (1,383,345)	\$ (1,334,172)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	435,282	435,196
Loss on disposal of property and equipment	8,845	-
Change in discount on long-term receivables	63,702	(125,817)
Realized (gain) loss on investments	(149,191)	25,770
Unrealized gain on investments	(222,078)	(333,912)
Decrease (increase) in:		
Grants receivable	1,344,312	1,334,739
Prepaid expenses and other assets	26,510	(78,660)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(165,352)	741,487
Refundable advances	<u>(3,975,503)</u>	<u>3,443,987</u>
Net cash (used) provided by operating activities	<u>(4,016,818)</u>	<u>4,108,618</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(785,327)	(15,488,078)
Proceeds from sales of investments	5,947,996	5,000,000
Purchases of property and equipment	(7,660,493)	(1,530,496)
Payments for construction in progress	<u>(507,984)</u>	<u>(1,630,970)</u>
Net cash used by investing activities	<u>(3,005,808)</u>	<u>(13,649,544)</u>
Net decrease in cash and cash equivalents	(7,022,626)	(9,540,926)
Cash and cash equivalents at beginning of year	<u>21,252,667</u>	<u>30,793,593</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 14,230,041</u>	<u>\$ 21,252,667</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Transfer of Assets from Construction in Progress to Buildings and Improvements	<u>\$ 2,380,809</u>	<u>\$ 2,100,799</u>

SHINING HOPE FOR COMMUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Shining Hope for Communities, Inc. (SHOFCO) was formed as a non-profit organization in accordance with the laws of the State of Connecticut, with offices located in New York and Kenya. SHOFCO's mission is to turn urban poverty into urban promise. SHOFCO combats gender inequality and extreme poverty in urban slums by linking tuition free schools for girls to holistic social services for all.

Program Services -

Health: SHOFCO's three clinics provide comprehensive primary healthcare and preventive services, including pre- and postpartum care, child immunizations, HIV/AIDS treatment, family planning, cervical cancer screening, gender-based violence response, and a child nutrition program. In informal settlements, the prevalence of HIV/AIDS is twice the national rate, infant mortality is four times higher than the citywide average, and 47% of children experience chronic malnutrition. To address these challenges, SHOFCO's low-cost medical services treat waterborne diseases, respiratory conditions, malaria, and other health concerns while offering essential immunizations, including TB, pentavalent, pneumococcal, oral polio, and measles. SHOFCO also operates a Comprehensive Care Center for HIV/AIDS patients, providing antiretroviral therapy, prevention of mother-to-child transmission, and mentor-mother support groups. Additionally, SHOFCO's dedicated team of Community Health Workers (CHWs) and Volunteers (CHPs) conduct home visits to improve access to preventive healthcare for residents with chronic or high-risk conditions.

WASH: SHOFCO's Water, Sanitation, and Hygiene (WASH) program ensures access to clean, affordable water for residents in Nairobi and Mombasa's informal settlements, where communities are not formally connected to the city water supply. This initiative is reinforced by community outreach and education on proper hygiene practices and the importance of safe water consumption. Through SHOFCO's innovative aerial water piping system, SHOFCO provides uncontaminated water to kiosks across Kibera and Mathare, alongside sanitary pit latrines to improve overall sanitation. Ongoing construction is expanding water access in the Mshomoroni, Maweni, and Bangladesh slums in Mombasa. SHOFCO offers water at an affordable rate of \$1 per 1,000 liters, significantly lower than the \$2.65 charged by other vendors. In 2024, SHOFCO distributed an estimated 23 million liters of clean water, reaching 42,321 users through 52 kiosks (water ATMs) in Kibera and four additional water points outside the area.

Essential Services:

Gender - SHOFCO's Gender Program addresses the high prevalence of domestic and community violence, as well as the lack of social safety nets in slum communities, through a comprehensive approach to violence prevention, risk mitigation, and response services. SHOFCO provides sexual and reproductive health education, temporary shelter for women and girls, and links survivors to its sustainable livelihoods program to help break financial dependency that often traps individuals in unsafe situations. SHOFCO's support extends to door-to-door outreach, awareness campaigns, legal advocacy, mental health counseling, and group therapy. Additionally, SHOFCO's structured support systems include gender safe houses, gender champion programs, and women's empowerment initiatives, ensuring survivors have access to critical resources and long-term solutions.

SHINING HOPE FOR COMMUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Program Services (continued) -

Essential Services (continued):

Community Libraries - SHOFCO's community libraries offer free access to safe and quiet study spaces, ensuring school-going children have a supportive environment for academic work. These libraries foster literacy and lifelong learning by providing reading materials for all ages and literacy levels. Beyond books, SHOFCO's libraries serve as hubs for education and engagement, offering literacy programs such as story time for young children, summer reading initiatives, and writing workshops for adults. They also play a vital role in strengthening community connections by hosting book clubs, events, and interactive activities. Additionally, SHOFCO's libraries provide access to music and art materials, online learning platforms, and workshops covering a variety of topics. These resources are designed to encourage creativity, support personal growth, and equip individuals with essential skills for personal and professional development.

Sustainable Livelihoods - Amid high unemployment, SHOFCO's Sustainable Livelihoods Program focuses on empowering youth and women through business and entrepreneurship training, vocational skills development, internships, and job placement. SHOFCO Women's Empowerment Project (SWEP) provides business training, financial support, and income-generating opportunities for women—many of whom are survivors of gender-based violence or living with HIV. SHOFCO's job readiness training equips participants with essential skills, including personal development, job search strategies, CV and interview preparation, work ethic, and work-life balance. Through partnerships with private enterprises, SHOFCO facilitates employment opportunities for program graduates. Additionally, SHOFCO's team collaborates with local institutes to provide specialized vocational training. In 2024, 138,583 slum residents engaged with the program, leading to 65,000 job placements and internships, as well as 1,359 newly launched small businesses.

Girls' Leadership and Education - SHOFCO operates two schools in Kibera and Mathare, providing a free Leadership and Education Program for 575 girls. This initiative equips students with the skills and opportunities to secure meaningful job prospects while preparing them to become future leaders—drawing from their personal experiences of slum life and marginalization to inform their decision-making. To foster continued growth, SHOFCO provides seed capital for select students to implement learning projects in slum communities during school breaks. Additionally, SHOFCO offers post-secondary support, securing university placements both locally in Kenya and internationally in the US.

SHOFCO Urban Network (SUN) - SUN empowers approximately 1.5 million members to advocate for their rights and access essential services, fostering economic and social growth, civic engagement, and Government accountability. Members receive resources to improve their living standards through organized community groups and peer-to-peer savings networks, creating opportunities for business growth and financial stability. A micro-life insurance scheme (at 100 Ksh per month) has contributed to a Savings and Loan program, now exceeding USD \$1,200,000. SUN communities are structured into organized groups, each led by elected representatives who facilitate knowledge sharing, coordinate projects, and advance advocacy efforts.

SHINING HOPE FOR COMMUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Program Services (continued) -

Essential Services (continued):

SACCO Financial Services - Traditional banks and financial institutions often present barriers to access, including high fees and restrictive loan requirements, exacerbating financial hardship for slum residents. SHOFCO Savings and Credit Cooperative (SACCO) fosters a culture of saving and provides accessible lending opportunities to support economic growth within communities. Members join with a minimum deposit of \$10 and must wait six months before becoming eligible to borrow. Loan amounts range from \$50 to \$7,000, depending on the product and individual financial needs, with approval contingent on securing guarantors.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents -

SHOFCO considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts in the U.S. are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, SHOFCO maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

SHOFCO maintained \$6,480,760 and \$1,813,054 in cash and cash equivalents in a financial institution (and also on hand) in Kenya as of December 31, 2024 and 2023, respectively. The majority of these funds held in Kenya are uninsured.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statements of Activities and Changes in Net Assets. Investments acquired by gift, such as donated securities, are recorded at their fair value at the date of the gift. SHOFCO's policy is to liquidate all gifts of investments as soon as possible after the gift.

SHINING HOPE FOR COMMUNITIES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Grants receivable -

Grants receivable include unconditional promises to give that are expected to be collected in future years. Grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

Property and equipment -

Property and equipment acquisitions in excess of \$1,000 for equipment and \$5,000 for buildings are capitalized and stated at cost. Property and equipment is depreciated (or amortized) on a straight-line basis over the estimated useful lives of the related assets, generally 5 to 30 years. The cost of maintenance and repairs is recorded as expenses as incurred.

The total acquisition value of property and equipment held in Kenya, excluding construction in progress, aggregated \$18,288,699 and \$8,174,820 as of December 31, 2024 and 2023, respectively. Depreciation and amortization expense totaled \$435,282 and \$435,196, during the years ended December 31, 2024 and 2023, respectively. Depreciation and amortization expense on the Statements of Functional Expenses includes the amortization of deferred implementation costs of \$14,008. Deferred implementation costs are included with prepaids and other assets on the accompanying Statements of Financial Position.

SHOFCO has a variety of property and equipment primarily located in Kenya to assist with program delivery. Land and buildings include spaces and structures maintained to provide space for programs. Water supply infrastructure includes water treatment tanks and equipment for provision of clean water to communities. Program equipment includes computer and health care equipment. Vehicles are used for transportation of staff and communities served.

Construction in progress -

Construction in progress consists of buildings and related assets that are not yet completed, and thus have not been placed in service as of fiscal year-end. Accordingly, there is no depreciation taken on these assets until such time when they are placed in service.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Statements of Activities and Changes in Net Assets, to its current fair value. There were no asset impairments during the years ended December 31, 2024 and 2023.

Income taxes -

SHOFCO is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. SHOFCO is not a private foundation.

Revenue from contracts with customers -

SHOFCO's project income is treated as exchange transaction revenue following ASC Topic 606. Project income is recorded when the performance obligations are met. SHOFCO has elected to opt out of all disclosures not required for nonpublic entities.

SHINING HOPE FOR COMMUNITIES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue from contracts with customers (continued) -

Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. SHOFCO's contracts with customers generally have initial terms of one year or less.

Support from contributions and grants -

Contributions and grants are recognized in the appropriate category of net assets in the period received. SHOFCO performs an analysis of the individual contribution or grant agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions and grants is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions and grants with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions and grants that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions and grants are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. SHOFCO's refundable advances totaled \$10,775,016 and \$14,750,519 as of December 31, 2024 and 2023, respectively.

In addition, SHOFCO may obtain funding source agreements related to conditional contributions, which will be received in future years. SHOFCO's unrecognized conditional contributions to be received in future years totaled approximately \$96,720,000 and \$48,250,000 as of December 31, 2024 and 2023, respectively.

Grant expense -

SHOFCO recognizes grant expense at the time grant negotiations are substantially complete with the grantee and the grant award has been approved by executive management. Grants that have been determined to be conditional, which depend on the occurrence of specified uncertain events, are not recorded until the conditions have been met. Those grants that have been awarded but yet to be paid are recorded as grants payable.

Functional currency reporting -

SHOFCO maintains cash in U.S. Dollars (USD) and in Kenya Shilling (KES). All non-USD revenues and expenses are reported in the Statements of Activities and Changes in Net Assets and have been translated to USD using average monthly exchange rates throughout the year. All year-end assets and liabilities (held in foreign currency) have been revalued at the current spot rates. Exchange rate variances have been offset against support and revenue in the Statements of Activities and Changes in Net Assets.

SHINING HOPE FOR COMMUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses directly attributed to a specific functional area of SHOFCO are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Investment risks and uncertainties -

SHOFCO invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

2. INVESTMENTS AND FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, SHOFCO has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market SHOFCO has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

SHINING HOPE FOR COMMUNITIES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

2. INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2024 and 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

There have been no changes in the methodologies used as of December 31, 2024 and 2023.

- *Money Market Funds* - The fair value is equal to the reported net asset value of the fund.
- *Corporate Debt, U.S. Agency Bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Private Equity Funds* - These instruments do not have a readily determinable fair value. The fair values used are generally determined by the general partner or management of the entity and are based on appraisals or other estimates that require varying degrees of judgment. Inputs used in determining fair value may include the cost and recent activity concerning the underlying investments in the funds or partnerships.

US GAAP permits, as a practical expedient, the fair value of investments within scope to be estimated using the net asset value (NAV) or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the fund, whose financial statements are prepared in a manner consistent with measurement principles of an investment company or that have the attributes of an investment company. In many instances, NAV will not equal fair value that would be calculated pursuant to the Fair Value Measurement Topic.

The table below summarizes SHOFCO's investments by level within the fair value hierarchy and those measured at NAV as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Money market funds	\$ 807,935	\$ -	\$ -	\$ 807,935
Corporate bonds	<u>-</u>	<u>11,455,894</u>	<u>-</u>	<u>11,455,894</u>
Sub total investments using fair value hierarchy	807,935	11,455,894	-	12,263,829
Private equity measured at NAV	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,303,870</u>
TOTAL	<u>\$ 807,935</u>	<u>\$ 11,455,894</u>	<u>\$ -</u>	<u>\$ 17,567,699</u>

The table below summarizes, by level within the fair value hierarchy, SHOFCO's investments as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Money market funds	\$ 2,222,364	\$ -	\$ -	\$ 2,222,364
Corporate bonds	-	11,606,824	-	11,606,824
U.S. agency bonds	<u>3,308,631</u>	<u>-</u>	<u>-</u>	<u>3,308,631</u>
Sub total investments using fair value hierarchy	5,530,995	11,606,824	-	17,137,819
Private equity measured at NAV	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,221,280</u>
TOTAL	<u>\$ 5,530,995</u>	<u>\$ 11,606,824</u>	<u>\$ -</u>	<u>\$ 22,359,099</u>

SHINING HOPE FOR COMMUNITIES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

2. INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

The following is a summary of the investments valued using NAV as a practical expedient and the related unfunded commitments and redemption restrictions associated with each major asset category as of:

December 31, 2024:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Notice Period</u>
Scopia PX International Limited	\$ <u>5,303,870</u>	\$ <u>-</u>	Daily	None

December 31, 2023:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Notice Period</u>
Scopia PX International Limited	\$ <u>5,221,280</u>	\$ <u>-</u>	Daily	None

Included in net investment return are the following:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 1,156,658	\$ 554,694
Unrealized gain on investments	222,078	333,912
Realized gain (loss) on sales of investments	149,191	(25,770)
Management fees	<u>(37,927)</u>	<u>(4,943)</u>
TOTAL NET INVESTMENT RETURN	\$ <u>1,490,000</u>	\$ <u>857,893</u>

3. GRANTS RECEIVABLE

SHOFCO has received written promises to give from various donors totaling \$2,702,331 and \$4,046,643, respectively, as of December 31, 2024 and 2023. Grants receivable due in more than one year have been recorded at the present value of the estimated cash flows, using discount rates ranging from 4.21% to 4.43%.

Grants receivable are due as follows at December 31:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 1,502,330	\$ 3,266,383
One to five years	<u>1,200,001</u>	<u>780,260</u>
Total	2,702,331	4,046,643
Less: Allowance to discount balance to present value	<u>(81,966)</u>	<u>(18,264)</u>
GRANTS RECEIVABLE, NET	\$ <u>2,620,365</u>	\$ <u>4,028,379</u>

SHINING HOPE FOR COMMUNITIES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

4. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors of SHOFCO has designated a portion of the net assets without restrictions for the Shining Hope Fund for the primary purpose of ensuring continued growth of The Kibera School for Girls. It is also the objective of the Board of Directors to utilize these resources to ensure that SHOFCO will be able to uphold the commitments made to the students and Kibera community in a sustainable way. As of December 31, 2024 and 2023, SHOFCO's "net assets without restrictions" included \$750,000 of Board designated net assets.

Following is a reconciliation of SHOFCO's net assets without restrictions at December 31:

	<u>2024</u>	<u>2023</u>
Undesignated net assets	\$ 30,834,389	\$ 34,149,570
Board designated net assets	<u>750,000</u>	<u>750,000</u>
TOTAL NET ASSETS WITHOUT RESTRICTIONS	<u>\$ 31,584,389</u>	<u>\$ 34,899,570</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Program	<u>\$ 7,265,651</u>	<u>\$ 5,333,815</u>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the years ended December 31:

	<u>2024</u>	<u>2023</u>
Program	\$ 19,195,037	\$ 19,079,241
Passage of time	<u>-</u>	<u>100,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 19,195,037</u>	<u>\$ 19,179,241</u>

6. LIQUIDITY AND AVAILABILITY

SHOFCO regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds.

SHOFCO has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due.

Management is focused on sustaining the financial liquidity of Shining Hope for Communities throughout the year. This is done through monitoring and reviewing the cash flow needs on a monthly basis. As a result, management is aware of the cyclical nature of SHOFCO's cash flow related to the various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in a fixed-income mutual fund.

SHINING HOPE FOR COMMUNITIES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

6. LIQUIDITY AND AVAILABILITY (Continued)

Shining Hope for Communities can liquidate its investments anytime, and therefore, the investments are available to meet current cash flow needs. Additionally, Shining Hope for Communities has Board designated net assets that could be available for current operations with Board approval, if necessary.

The financial assets available within one year of the Statements of Financial Position date for general expenditures as of December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 14,230,041	\$ 21,252,667
Investments	17,567,699	22,359,099
Grants receivable	<u>1,502,330</u>	<u>3,266,383</u>
Subtotal financial assets	33,300,070	46,878,149
Less: Amounts unavailable for general expenditures within one year due to donor's restriction	(7,265,651)	(5,333,815)
Less: Amounts unavailable to management without Board approval: Board designated Shining Hope Fund	<u>(750,000)</u>	<u>(750,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 25,284,419</u>	<u>\$ 40,794,334</u>

7. LEASE COMMITMENTS

SHOFCO leases its headquarters office space in New York City under a month-to-month agreement. Base rent varies depending on the number of offices/desks rented. Additionally, the lease may be terminated with 60 days notice. During the years ended December 31, 2024 and 2023, SHOFCO received substantial discounted rent from this landlord, which is recorded as an in-kind contribution (and included in rent expense) in the accompanying Statements of Activities and Changes in Net Assets.

Effective November 1, 2021, SHOFCO entered into a two year lease for office space in Nairobi, Kenya. After the lease expired, SHOFCO began negotiations to extend the lease and continued operating under the pre-existing lease on a month to month basis. On November 1, 2024, the lease was renewed for another two year period. The lease requires monthly payments of KES 300,000 (roughly \$2,300). SHOFCO also leases various office spaces throughout its program areas on a month to month basis. As the rental payments are not significant to SHOFCO's financial statements, SHOFCO did not recognize an operating right-of-use asset and lease liability in accordance with Accounting Standards Codification (ASC) 842.

Rent expense during the years ended December 31, 2024 and 2023 totaled \$304,437 and \$234,861, respectively.

The following is a schedule of the future minimum lease payments for the Kenya office:

Year Ending December 31,

2025	\$ 27,618
2026	<u>23,015</u>
	<u>\$ 50,633</u>

SHINING HOPE FOR COMMUNITIES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

8. RETIREMENT PLAN

SHOFCO provides a 401(k) retirement plan to its employees through an employer defined contribution plan. Employees must be at least twenty one years of age and have worked for three months to be eligible for participation. SHOFCO provides a 100% match of each eligible employee's contribution, up to 4% of covered compensation. Employer contributions to the Plan during the years ended December 31, 2024 and 2023 totaled \$28,685 and \$23,834, respectively, and is included with Salaries with benefits and taxes on the accompanying Statements of Functional Expenses.

SHOFCO and its Kenyan employees also contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. Contributions to NSSF are included with Salaries with benefits and taxes on the accompanying Statements of Functional Expenses.

9. CONCENTRATION OF REVENUE

Approximately 69% of SHOFCO's revenue for the year ended December 31, 2024 was derived from two donors. Approximately 62% of SHOFCO's revenue for the year ended December 31, 2023 was derived from a single donor. SHOFCO has no reason to believe that relationships with these donor will be discontinued in the foreseeable future. However, any interruption of this relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect SHOFCO's ability to finance ongoing operations.

10. SUBSEQUENT EVENTS

In preparing these financial statements, SHOFCO has evaluated events and transactions for potential recognition or disclosure through June 26, 2025, the date the financial statements were issued.