Financial Statements

SHOFCO
Shining Hope
for Communities

For the Years Ended
December 31, 2025 and 2024

Shining Hope for Communities, Inc.

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For the Years Ended December 31, 2025 and 2024

CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Shining Hope for Communities, Inc. (SHOFCO), which comprise the statements of financial position as of December 31, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of SHOFCO as of December 31, 2025 and 2024, 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 (GAAS). 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.

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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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 SHOFCO'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 SHOFCO'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.

Gelman Rozenberg & Freedman

June 25, 2026

Shining Hope for Communities, Inc.

Statements of Financial Position
As of December 31, 2025 and 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	$ 10,006,861	$ 14,230,041
Investments	18,122,906	17,567,699
Grants receivable	1,172,561	1,502,330
Prepaid expenses and other assets	266,456	245,794
Total current assets	29,568,784	33,545,864
PROPERTY AND EQUIPMENT		
Land	7,301,565	7,234,262
Buildings and improvements	5,965,331	4,763,147
Program equipment	1,228,289	1,193,031
Water supply infrastructure	3,930,743	3,916,564
Software	213,330	153,113
Vehicles	1,234,614	1,047,697
	19,873,872	18,307,814
Less: Accumulated depreciation and amortization	(3,796,761)	(2,938,468)
Net property and equipment	16,077,111	15,369,346
NONCURRENT ASSETS		
Security deposits	7,070	10,675
Construction in progress	3,229,133	501,471
Grants receivable, net	105,577	1,118,035
Total noncurrent assets	3,341,780	1,630,181
Total Assets	$ 48,987,675	$ 50,545,391

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 2,099,508	$ 920,335
Refundable advances	8,518,696	10,775,016
Total liabilities	10,618,204	11,695,351
NET ASSETS		
Without donor restrictions	35,637,493	31,584,389
With donor restrictions	2,731,978	7,265,651
Total net assets	38,369,471	38,850,040
Total Liabilities and Net Assets	$ 48,987,675	$ 50,545,391

See accompanying notes to financial statements.

Shining Hope for Communities, Inc.

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Foundation grants	$ 5,666,024	$ 22,689,666	$ 28,355,690
Individual contributions	995,631	-	995,631
Net investment return	638,649	-	638,649
Corporate contributions	359,790	-	359,790
Project income	266,214	-	266,214
Net assets released from donor restrictions	27,223,339	(27,223,339)	-
Total support and revenue	35,149,647	(4,533,673)	30,615,974
EXPENSES			
Program Services:			
Health	1,768,100	-	1,768,100
WASH	1,599,404	-	1,599,404
Essential Services	3,227,109	-	3,227,109
Sustainable Livelihoods	3,559,370	-	3,559,370
Girls Leadership and Education	5,849,840	-	5,849,840
SUN	9,165,893	-	9,165,893
SACCO	682,367	-	682,367
Kenya Program Operations	3,233,963	-	3,233,963
Total program services	29,086,046	-	29,086,046
Supporting Services:			
General and Administrative	757,649	-	757,649
Development	1,142,186	-	1,142,186
Total supporting services	1,899,835	-	1,899,835
Total expenses	30,985,881	-	30,985,881
Changes in net assets before other item	4,163,766	(4,533,673)	(369,907)
OTHER ITEMS			
Currency translation loss	(115,267)	-	(115,267)
Gain on disposal of property and equipment	4,605	-	4,605
Total other items	(110,662)	-	(110,662)
Changes in net assets	4,053,104	(4,533,673)	(480,569)
Net assets at beginning of year	31,584,389	7,265,651	38,850,040
Net Assets at End of Year	$ 35,637,493	$ 2,731,978	$ 38,369,471

See accompanying notes to financial statements.

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
Individual contributions	1,237,066	-	1,237,066
Net investment return	1,490,000	-	1,490,000
Corporate contributions	77,595	-	77,595
Project income	156,587	-	156,587
In-kind contributions	8,974	-	8,974
Net assets released from donor restrictions	19,195,037	(19,195,037)	-
Total support and revenue	22,812,324	1,931,836	24,744,160
EXPENSES			
Program Services:			
Health	2,210,962	-	2,210,962
WASH	759,095	-	759,095
Essential Services	1,257,027	-	1,257,027
Sustainable Livelihoods	3,395,944	-	3,395,944
Girls Leadership and Education	2,694,955	-	2,694,955
SUN	7,211,465	-	7,211,465
SACCO	812,685	-	812,685
Kenya Program Operations	4,270,337	-	4,270,337
Total program services	22,612,470	-	22,612,470
Supporting Services:			
General and Administrative	1,716,293	-	1,716,293
Development	1,595,607	-	1,595,607
Total supporting services	3,311,900	-	3,311,900
Total expenses	25,924,370	-	25,924,370
Changes in net assets before other item	(3,112,046)	1,931,836	(1,180,210)
OTHER ITEMS			
Currency loss	(207,449)	-	(207,449)
Gain on disposal of property and equipment	4,314	-	4,314
Total other items	(203,135)	-	(203,135)
Changes in net assets	(3,315,181)	1,931,836	(1,383,345)
Net assets at beginning of year	34,899,570	5,333,815	40,233,385
Net Assets at End of Year	$ 31,584,389	$ 7,265,651	$ 38,850,040

Shining Hope for Communities, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Services					
	Health	WASH	Essential Services	Sustainable Livelihoods	Girls Leadership and Education	SUN
Salaries with benefits and taxes	$ 1,083,391	$ 271,322	$ 1,295,755	$ 1,134,362	$ 1,341,955	$ 3,774,555
Scholarships	-	-	-	1,426,315	1,911,218	31,794
Community support fund	12,808	291,981	217,433	362,066	9,408	791,176
Professional fees	7,613	13,908	75,843	42,512	290,412	205,537
Program equipment, software, and rentals	36,582	16,792	219,529	89,340	235,036	539,532
Program food	18,455	10,643	277,614	11,655	265,362	879,617
Program supplies	68,654	57,530	289,166	166,882	615,634	200,006
Grants to other organizations	-	360,048	-	-	-	1,092,396
Travel and transportation	17,346	3,612	529,999	161,690	211,356	315,274
Events and training	4,712	25,766	159,084	46,999	136,684	272,197
Repairs and maintenance	22,457	31,416	18,345	10,202	223,201	242,890
Service fees	20,033	11,776	31,283	12,889	78,050	126,636
Medical supplies	397,511	585	12,600	58	10,627	3,286
Uniforms	-	97	3,339	3,898	345,380	5,145
Rent	9,745	811	27,092	25,372	14,584	139,884
Telecom and communications	16,179	8,173	29,087	36,127	55,891	161,945
Marketing and promotions	9,859	4,288	10,534	518	5,413	115,726
Utilities	402	76,402	9,728	3,942	13,857	18,855
Printing	7,963	654	12,920	7,928	29,416	53,921
Bank charges	993	2	2,252	-	49	7
Miscellaneous	-	-	-	-	-	-
Total expense before depreciation and amortization	1,734,703	1,185,806	3,221,603	3,542,755	5,793,533	8,970,379
Depreciation and amortization	33,397	413,598	5,506	16,615	56,307	195,514
Total	$ 1,768,100	$ 1,599,404	$ 3,227,109	$ 3,559,370	$ 5,849,840	$ 9,165,893

See accompanying notes to financial statements.

Shining Hope for Communities, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2025

	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	$ 262,382	$ 1,783,704	$ 10,947,426	$ 413,405	$ 672,200	$ 1,085,605	$ 12,033,031
Scholarships	-	-	3,369,327	-	-	-	3,369,327
Community support fund	-	87,110	1,771,982	-	-	-	1,771,982
Professional fees	64,951	527,612	1,228,388	45,973	386,430	432,403	1,660,791
Program equipment, software, and rentals	78,149	284,330	1,499,290	25,554	13,098	38,652	1,537,942
Program food	48,865	16,564	1,528,775	4,655	137	4,792	1,533,567
Program supplies	22,765	65,467	1,486,104	24,600	3,121	27,721	1,513,825
Grants to other organizations	-	-	1,452,444	-	-	-	1,452,444
Travel and transportation	49,971	76,773	1,366,021	49,492	9,843	59,335	1,425,356
Events and training	30,153	62,581	738,176	18,897	138	19,035	757,211
Repairs and maintenance	15,398	18,559	582,468	21,655	-	21,655	604,123
Service fees	11,370	40,008	332,045	79,259	19,974	99,233	431,278
Medical supplies	-	336	425,003	-	-	-	425,003
Uniforms	1,207	334	359,400	691	-	691	360,091
Rent	40,050	46,393	303,931	32,669	4,600	37,269	341,200
Telecom and communications	9,393	13,921	330,716	4,101	76	4,177	334,893
Marketing and promotions	11,279	2,466	160,083	3,835	32,072	35,907	195,990
Utilities	8,942	4,781	136,909	8,527	-	8,527	145,436
Printing	10,139	35	122,976	674	58	732	123,708
Bank charges	-	43,104	46,407	1,175	-	1,175	47,582
Miscellaneous	-	12,000	12,000	5,806	-	5,806	17,806
Total expense before depreciation and amortization	665,014	3,086,078	28,199,871	740,968	1,141,747	1,882,715	30,082,586
Depreciation and amortization	17,353	147,885	886,175	16,681	439	17,120	903,295
Total	$ 682,367	$ 3,233,963	$ 29,086,046	$ 757,649	$ 1,142,186	$ 1,899,835	$ 30,985,881

See accompanying notes to financial statements.

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	$ 1,204,522	$ 172,910	$ 359,587	$ 774,051	$ 880,296	$ 2,969,115
Scholarships	-	-	-	1,676,439	354,361	69,803
Community support fund	5,817	3,149	6,294	216,062	10,171	610,310
Professional fees	20,934	36,397	1,070	53,882	268,460	32,843
Program equipment, software, and rentals	15,994	18,729	50,857	124,403	132,387	436,796
Program food	30,507	6,098	135,759	51,852	173,385	896,993
Program supplies	117,755	47,713	184,246	170,798	338,393	454,105
Grants to other organizations	-	250,000	-	-	500	4,473
Travel and transportation	27,685	45,506	363,253	213,829	130,486	239,506
Events and training	48,938	55,270	100,291	29,284	45,403	225,112
Repairs and maintenance	34,084	29,490	12,082	12,852	69,749	826,015
Service fees	21,057	9,427	2,108	11,521	56,099	74,447
Medical supplies	594,741	6,841	2,446	278	9,853	704
Uniforms	-	648	927	7,856	103,964	18,549
Rent	10,656	1,534	12,128	10,791	9,962	109,684
Telecom and communications	21,572	4,431	12,482	20,132	19,100	74,861
Marketing and promotions	15,661	1,284	1,815	2,180	24,268	48,184
Utilities	-	18,776	3,001	551	5,371	8,365
Printing	6,120	23	3,978	3,436	7,585	27,035
Bank charges	821	-	575	-	27	22
Bad debt	-	-	-	-	-	-
Total expense before depreciation and amortization	2,176,864	708,226	1,252,899	3,380,197	2,639,820	7,126,922
Depreciation and amortization	34,098	50,869	4,128	15,747	55,135	84,543
Total	$ 2,210,962	$ 759,095	$ 1,257,027	$ 3,395,944	$ 2,694,955	$ 7,211,465

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	$ 2,109,286	$ 8,661,431	$ 755,104	$ 554,905	$ 1,310,009	$ 9,971,440
Scholarships	15,689	560	2,116,852	-	-	-	2,116,852
Community support fund	387	71,186	923,376	433	167	600	923,976
Professional fees	41,328	403,962	858,876	726,040	378,918	1,104,958	1,963,834
Program equipment, software, and rentals	106,830	198,492	1,084,488	22,031	18,334	40,365	1,124,853
Program food	28,006	54,306	1,376,906	746	1,284	2,030	1,378,936
Program supplies	24,534	302,787	1,640,331	1,110	865	1,975	1,642,306
Grants to other organizations	48,914	92,453	396,340	-	-	-	396,340
Travel and transportation	32,163	186,702	1,239,130	19,033	24,619	43,652	1,282,782
Events and training	76,976	265,617	846,891	5,049	16,356	21,405	868,296
Repairs and maintenance	88,298	137,757	1,210,327	-	-	-	1,210,327
Service fees	20,667	86,186	281,512	69,803	20,858	90,661	372,173
Medical supplies	-	11,453	626,316	30	32	62	626,378
Uniforms	-	6,503	138,447	-	-	-	138,447
Rent	35,443	42,485	232,683	67,062	4,692	71,754	304,437
Telecom and communications	59,430	20,750	232,758	522	521	1,043	233,801
Marketing and promotions	15,124	10,416	118,932	16,615	73,642	90,257	209,189
Utilities	2,542	33,222	71,828	-	-	-	71,828
Printing	7,505	8,161	63,843	3,372	414	3,786	67,629
Bank charges	-	40,468	41,913	29,343	-	29,343	71,256
Bad debt	-	-	-	-	500,000	500,000	500,000
Total expense before depreciation and amortization	795,500	4,082,752	22,163,180	1,716,293	1,595,607	3,311,900	25,475,080
Depreciation and amortization	17,185	187,585	449,290	-	-	-	449,290
Total	$ 812,685	$ 4,270,337	$ 22,612,470	$ 1,716,293	$ 1,595,607	$ 3,311,900	$ 25,924,370

See accompanying notes to financial statements.

Shining Hope for Communities, Inc.

Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (480,569)	$ (1,383,345)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	893,956	435,282
(Gain) loss on disposal of property and equipment	(4,605)	8,845
Change in discount on long-term receivables	(74,483)	63,702
Realized gain on investments	-	(149,191)
Unrealized gain on investments	(284,675)	(222,078)
Decrease (increase) in:		
Grants receivable	1,416,710	1,344,312
Prepaid expenses and other assets	(20,662)	26,510
Security deposits	3,605	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,179,173	(165,352)
Refundable advances	(2,256,320)	(3,975,503)
Net cash provided (used) by operating activities	372,130	(4,016,818)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(270,532)	(785,327)
Proceeds from sales of investments	-	5,947,996
Purchases of property and equipment	(1,013,834)	(7,660,493)
Payments for construction in progress	(3,310,944)	(507,984)
Net cash used by investing activities	(4,595,310)	(3,005,808)
Net decrease in cash and cash equivalents	(4,223,180)	(7,022,626)
Cash and cash equivalents at beginning of year	14,230,041	21,252,667
Cash and Cash Equivalents at End of Year	$ 10,006,861	$ 14,230,041
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS		
Transfer of Assets from Construction in Progress to Buildings and Improvements	$ 583,282	$ 2,380,809

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

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 operates three clinics providing comprehensive primary and preventive healthcare in informal settlements. Services include antenatal and postpartum care, childhood immunizations, HIV treatment and prevention, family planning, cervical cancer screening, GBV response, and child nutrition. The Comprehensive Care Center delivers ART, PMTCT, adherence support, and mentor mother groups. In 2025, SHOFCO absorbed a 70% increase in patient demand after donor-funded clinic closures, while maintaining uninterrupted services. Community health services reached 470,105 household members, underscoring the scale of outreach. The aerial piping system supplied clean water to 37,500 people daily, sanitation upgrades reached 5,853 households, and over 1,000 mental health ambassadors were trained. Youth advocacy helped integrate youth mental health into Kenya’s Universal Health Coverage. SHOFCO’s HIV response achieved 0% mother-to-child transmission compared to a national average of 15%, demonstrating program effectiveness.

WASH: The Water, Sanitation, and Hygiene (WASH) program ensures access to clean, affordable water in Nairobi and Mombasa’s informal settlements. Through aerial piping and community kiosks, SHOFCO supplies uncontaminated water at one US dollar per 1,000 liters, which is 60% lower than private vendor rates. In 2025, about 40,000 people accessed safe water daily, with millions of liters distributed annually. Sanitation upgrades and hygiene campaigns reached 5,853 households.

The program pairs infrastructure with local governance and technical resilience. Aerial piping is combined with solar-powered purification and community kiosk management to maintain low operating costs and high uptime. Expansion efforts in Mombasa and ongoing partnerships with local Government institutions aim to scale services to additional underserved neighborhoods.

Essential Services:

Gender - SHOFCO’s Gender Program prevents and responds to gender-based violence while advancing the rights and leadership of girls and women. In 2025, 1,553 GBV leaders and male champions were trained, and 26,749 survivors received comprehensive care including legal and psychosocial support. Education initiatives kept 3,800 vulnerable girls in school and reached 28,630 adolescents through mentorship clubs. Partnerships with fifteen county Governments strengthened child protection systems and improved school infrastructure. Safe houses, champion programs, and empowerment initiatives provide survivors with immediate safety, psychosocial care, and economic pathways for recovery.

1. Summary of Significant Accounting Policies (Continued)

Program Services (Continued)

Essential Services (continued):

Community Libraries - Libraries provide free, safe study spaces and literacy resources for all ages. They host programs such as story time, summer reading, and writing workshops, while also offering access to music, art, and online learning platforms. These hubs foster creativity, personal growth, and community connection through book clubs, events, and interactive activities.

Sustainable Livelihoods - This program transitions participants into sustained employment and entrepreneurship through vocational training, employer partnerships, internships, and mentorship. In 2025, 138,583 residents engaged, with over 91,000 youth placed in dignified jobs, 69% of whom were women. Vocational training in apparel reached 1,482 trainees, 794 of whom secured formal roles, and 1,359 new businesses were launched. Nearly 10,000 women participated in income-generating activities. Digital approaches expanded reach, with 9,000 youth joining virtual mental health sessions and 5,000 ambassadors sustaining local forums.

Girls Leadership and Education - SHOFCO operates two girls' schools serving 575 students with strong academics, leadership, and life skills. Students have achieved a 100% KCPE pass rate, with 75% of graduates qualifying for university in 2023. In 2025, 3,829 bursaries and scholarships supported secondary school girls to reduce dropouts. The Education Expansion initiative aims to reach 181,000 students over five years by strengthening public schools, building STEM labs, improving sanitation, training teachers, and providing scholarships and mentorship.

SHOFCO Urban Network (SUN) - SUN empowers 1.5 million members to advocate for rights, access services, and strengthen civic engagement. Communities are organized into groups led by elected representatives who coordinate projects and advance advocacy. In 2025, SUN strengthened resilience by distributing drought-resistant seeds to 100,000 farmers, constructing 50 water pans, reaching 26,511 individuals with hygiene campaigns, and engaging 31,982 students in WASH clubs. Grassroots organizing mobilized 41,000 youth forums, reaching 1.2 million young people and securing removal of the KES 1,000 National ID replacement fee. Collaboration with 29 county Governments embedded community priorities into development plans, while leadership structures expanded inclusion of persons with disabilities and refugees. Together, these efforts demonstrate how SUN builds lasting resilience and grassroots power. By linking health, livelihoods, and leadership, communities are not only surviving but shaping policies and systems that drive long-term progress.

SACCO Financial Services - The SHOFCO Savings and Credit Cooperative (SACCO) expands access to fair, community-based financial services for residents of informal settlements. In 2025, it served 18,340 members and mobilized approximately $1.7 million in savings, maintaining a 4.7% loan default rate. Membership rules remain accessible, requiring only a $10 deposit and a six-month waiting period before borrowing eligibility. Products prioritize women, youth, persons with disabilities, and refugees, strengthening household resilience and entrepreneurship.

1. Summary of Significant Accounting Policies (Continued)

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 highly liquid investments with maturities of three months or less, excluding money market funds included as part of the investment portfolio, to be cash and cash equivalents. Bank deposit accounts 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 had approximately $5,972,465 and $6,480,760 of cash and cash equivalents in a financial institution (and also on hand) in Kenya as of December 31, 2025 and 2024, 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.

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.

1. Summary of Significant Accounting Policies (Continued)

Grants Receivable (Continued)

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 are incurred.

The total acquisition value of property and equipment held in Kenya, excluding construction in progress, aggregated $19,854,757 and $18,288,699 as of December 31, 2025 and 2024, respectively. Depreciation and amortization expense totaled $893,956 and $435,282, during the years ended December 31, 2025 and 2024, respectively. Depreciation and amortization expense on the accompanying Statements of Functional Expenses includes the amortization of deferred implementation costs of $9,339 and $14,008 for the years ended December 31, 2025 and 2024, respectively. 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 on these assets until 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 the Statements of Activities and Changes in Net Assets, to its current fair value. There were no asset impairments during the years ended December 31, 2025 and 2024.

1. Summary of Significant Accounting Policies (Continued)

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. Project income includes income from medical consultation fees, water kiosks and bio latrines operated by SHOFCO Kenya and computer classes. SHOFCO has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on 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 Grants and Contributions

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.

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 $8,518,696 and $10,775,016 as of December 31, 2025 and 2024, respectively.

In addition, SHOFCO obtains 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 $71,645,000 and $96,720,000 as of December 31, 2025 and 2024, respectively.

1. Summary of Significant Accounting Policies (Continued)

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.

Foreign 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 accompanying 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.

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 SHOFCO's programs and supporting services have been summarized on a functional basis in the accompanying 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 are reported as direct expenses within that functional area and expenses that benefited more than one functional area are allocated based on 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.

1. Summary of Significant Accounting Policies (Continued)

Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications included are primarily due to a change in the Statement of Functional Expense allocation methodology. The reclassifications had no effect on the previously reported changes in net assets.

2. Investments and Fair Value Measurements

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 accompanying 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.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended December 31, 2025 and 2024. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.

- *Corporate 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.

2. Investments and Fair Value Measurements (Continued)

- *Private Equity* - 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.

U.S. 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 has 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 investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy and those measured at NAV as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money Market Funds	$ 744,319	$ -	$ -	$ 744,319
Corporate Bonds	-	12,050,511	-	12,050,511
Subtotal	$ 744,319	$ 12,050,511	$ -	$ 12,794,830
Private equity measured at NAV				5,328,076
Total Investments				$ 18,122,906

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy and those measured at NAV as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money Market Funds	$ 807,935	$ -	$ -	$ 807,935
Corporate Bonds	-	11,455,894	-	11,455,894
Subtotal	$ 807,935	$ 11,455,894	$ -	$ 12,263,829
Private equity measured at NAV				5,303,870
Total Investments				$ 17,567,699

2. Investments and Fair Value Measurements (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, 2025:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Notice Period
Scopia PX International Limited	$ 5,328,076	$ -	Daily	None

December 31, 2024:

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

Scopia PX International Limited invests primarily in publicly traded equity securities utilizing a fundamental, research-driven long/short investment strategy. The Fund seeks to identify undervalued investment opportunities for long positions and overvalued or fundamentally challenged companies for short positions, while maintaining a market-neutral approach designed to reduce overall market exposure.

Net investment return consisted of the following for the years ended December 31:

	2025	2024
Interest and dividends	$ 468,724	$ 1,156,658
Unrealized gain	284,675	222,078
Realized gain	-	149,191
Management fees	(114,750)	(37,927)
Net Investment Return	$ 638,649	$ 1,490,000

3. Grants Receivable

SHOFCO has received written promises to give from various donors, of which $1,285,621 and $2,702,331 remain outstanding as of December 31, 2025 and 2024, respectively. Grants receivable that are due in more than one year have been recorded at the net present value of their estimated future cash flows using discount rates ranging from 0.73% to 4.21%. Grants receivable are expected to be collected as follows as of December 31:

	2025	2024
Less than one year	$ 1,172,561	$ 1,502,330
One to five years	113,060	1,200,001
Total	1,285,621	2,702,331
Less: Allowance to discount balance to present value	(7,483)	(81,966)
Grants Receivable, Net	$ 1,278,138	$ 2,620,365

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, 2025 and 2024, 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 as of December 31:

	2025	2024
Undesignated net assets	$ 34,887,493	$ 30,834,389
Board designated net assets	750,000	750,000
Total Net Assets Without Donor Restrictions	$ 35,637,493	$ 31,584,389

5. Net Assets with Donor Restrictions

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

	2025	2024
Program	$ 2,731,978	$ 7,265,651

5. Net Assets with Donor Restrictions (Continued)

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:

	2025	2024
Purpose Restrictions Accomplished:		
Program	$ 27,223,339	$ 19,195,037

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 SHOFCO 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.

SHOFCO can liquidate its investments anytime, and therefore, the investments are available to meet current cash flow needs. Additionally, SHOFCO 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, 2025 and 2024 were as follows:

	2025	2024
Cash and cash equivalents	$ 10,006,861	$ 14,230,041
Investments	18,122,906	17,567,699
Grants receivable	1,172,561	1,502,330
Subtotal financial assets	29,302,328	33,300,070
Less: Amounts unavailable for general expenditures within one year due to donor restrictions	(2,731,978)	(7,265,651)
Less: Amounts unavailable to management without Board approval: Board designated Shining Hope Fund	(750,000)	(750,000)
Financial Assets Available for Use Within One Year	$ 25,820,350	$ 25,284,419

7. Lease Commitments

SHOFCO follows FASB ASC 842 for leases. SHOFCO has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. SHOFCO has elected the practical expedient for these short-term leases as the lease terms are less than 12 months

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 2025, SHOFCO signed a second agreement for an office in New York. The lease requires monthly payments of $4,713 a month and expires November 2028. 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.

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, due to immateriality.

Rent expense and total cash paid for SHOFCO's leases during the years ended December 31, 2025 and 2024 totaled 341,200 and 304,437, respectively.

The following is a schedule of the future minimum lease payments as of December 31, 2025:

Year Ending December 31,		
2026	$	103,359
2027		56,556
2028		47,130
Total	$	207,045

8. Retirement Plan

SHOFCO provides a 401(k) retirement plan (the 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, 2025 and 2024 totaled $27,865 and $ 28,685, respectively, and is included with Salaries with benefits and taxes on the accompanying Statements of Functional Expenses.

8. Retirement Plan (Continued)

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 71% and 69% of SHOFCO's revenue was derived from two donors for the years ended December 31, 2025 and 2024, respectively. SHOFCO has no reason to believe that relationships with these donors will be discontinued in the foreseeable future. However, any interruption of these 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 25, 2026, the date the financial statements were issued.