



REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)

REPORT AND FINANCIAL STATEMENTS

December 31, 2020 and 2019

REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)

REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activity and Net Assets	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-14
Supplemental information	15

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Reach for Uganda, Inc.
(formerly Arlington Academy of Hope, Inc.)
Arlington, VA

Report on Financial Statements

We have audited the accompanying financial statements of Reach for Uganda, Inc., (formerly Arlington Academy of Hope, Inc.) (RFU) (a Commonwealth of Virginia not-for-profit organization) which comprises the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RFU's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Reach for Uganda, Inc. (formerly Arlington Academy of Hope, Inc.) as of December 31, 2020 and 2019, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplemental Information - Calculation of Actual Indirect Cost Rate

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

Nanette K Miller CPA PC

July 29, 2021
Washington DC

REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 and 2019

	2020	2019
ASSETS:		
Cash in bank and in interest bearing accounts	\$ 642,758	\$ 696,344
Grants and pledges receivable	30,000	90,000
Prepaid expenses	732	3,000
Furniture and equipment:		
Office equipment and computer software, net of accumulated depreciation of \$8,995, respectively	-	-
TOTAL ASSETS	\$ 673,490	\$ 789,344
 LIABILITIES AND NET ASSETS:		
Accounts payable and accrued expenses	\$ 3,335	\$ 6,962
Deferred revenue	500	16,842
Payroll Protection Program (PPP) loan	16,352	-
	20,187	23,804
Net assets		
Net assets with donor restrictions	\$ 257,339	\$ 333,390
Net assets without donor restrictions	395,964	432,150
	653,303	765,540
TOTAL LIABILITIES AND NET ASSETS	\$ 673,490	\$ 789,344

REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)
STATEMENT OF ACTIVITIES AND NET ASSETS
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Support, revenue and gains:			
Contributions, grants and contracts	\$ 456,285	\$ 125,437	\$ 581,722
Investment income	907	-	907
Events	84,419	-	84,419
Less: Direct expenses	(16,839)	-	(16,839)
	<u>67,580</u>	<u>-</u>	<u>67,580</u>
Other income	10,170	-	10,170
	<u>534,942</u>	<u>125,437</u>	<u>660,379</u>
Released from program restrictions	<u>291,446</u>	<u>(291,446)</u>	<u>-</u>
Expenses and losses:			
<i>Program Services:</i>			
School and other programs expenses	<u>\$ 616,380</u>	<u>-</u>	<u>\$ 616,380</u>
<i>Support Services:</i>			
Administration	\$ 108,477	-	\$ 108,477
Fundraising	47,759	-	47,759
	<u>156,236</u>	<u>-</u>	<u>156,236</u>
Total expenses	<u>\$ 772,616</u>	<u>\$ -</u>	<u>\$ 772,616</u>
Change in net assets	53,772	(166,009)	(112,237)
Net assets, January 1, 2020	<u>342,192</u>	<u>423,348</u>	<u>765,540</u>
Net assets, December 31, 2020	<u><u>\$ 395,964</u></u>	<u><u>\$ 257,339</u></u>	<u><u>\$ 653,303</u></u>

REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, revenue and gains:			
Contributions, grants and contracts	\$ 698,589	\$ 248,546	\$ 947,135
Investment income (loss)	58	-	58
Events	124,082	-	124,082
Less: Direct expenses	(37,542)	-	(37,542)
	<u>86,540</u>	<u>-</u>	<u>86,540</u>
Other income	49,359	-	49,359
	<u>834,546</u>	<u>248,546</u>	<u>1,083,092</u>
Released from program restrictions	<u>221,732</u>	<u>(221,732)</u>	<u>-</u>
Expenses and losses:			
<i>Program Services:</i>			
School and other programs expenses	<u>\$ 739,523</u>	<u>-</u>	<u>\$ 739,523</u>
<i>Support Services:</i>			
Administration	\$ 125,330	-	\$ 125,330
Fundraising	46,397	-	46,397
	<u>171,727</u>	<u>-</u>	<u>171,727</u>
Total expenses	<u>\$ 911,250</u>	<u>\$ -</u>	<u>\$ 911,250</u>
Change in net assets	145,028	26,814	171,842
Net assets, January 1, 2019	<u>287,122</u>	<u>306,576</u>	<u>593,698</u>
Net assets, December 31, 2019	<u><u>\$ 432,150</u></u>	<u><u>\$ 333,390</u></u>	<u><u>\$ 765,540</u></u>

REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	School and Program Expenses	Administrative	Fundraising	Total
Salaries and payroll taxes	\$ 29,739	\$ 53,530	\$ 35,687	\$ 118,955
Advertising	-	244	-	244
Bank fees and donation processing fees	1,430	1,076	8,718	11,224
Contributions, grants and transfers	574,319	-	-	574,319
Computer expenses	-	357	-	357
Insurance	-	4,693	-	4,693
Licenses and permits	-	3,581	-	3,581
Occupancy	-	11,664	-	11,664
Office expenses	2,739	3,443	-	6,182
Office services and software fees	-	6,585	-	6,585
Pass-through expenses	900	-	-	900
Professional fees and consultants	7,252	23,304	1,450	32,006
Travel and meetings	2	-	1,904	1,906
	<u>\$ 616,380</u>	<u>\$ 108,477</u>	<u>\$ 47,759</u>	<u>\$ 772,616</u>

See notes to financial statements.

REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	School and Program Expenses	Administrative	Fundraising	Total
Salaries and payroll taxes	\$ 21,109	\$ 37,996	\$ 25,331	\$ 84,436
Advertising	-	380	25	405
Bank and donation processing fees	-	14,860	2,974	17,834
Contributions, grants and transfers	709,605	454	-	710,059
Insurance	-	6,067	-	6,067
State registration fees	-	-	10,661	10,661
Occupancy	-	11,016	-	11,016
Office expenses	723	3,968	2,601	7,292
Office services and software fees	-	2,198	3,228	5,426
Professional fees and consultants	7,756	18,807	222	26,785
Travel and meetings	330	29,584	1,355	31,269
	<u>\$ 739,523</u>	<u>\$ 125,330</u>	<u>\$ 46,397</u>	<u>\$ 911,250</u>

REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<i>CASH FLOW FROM OPERATING ACTIVITIES:</i>		
Change in net assets	\$ (112,237)	\$ 171,842
<i>Adjustments to reconcile to the change in net assets (used in) operating activities:</i>		
(Increase) decrease in grants and pledges receivable	60,000	6,098
(Increase) decrease in prepaid expenses	2,268	330
Increase (decrease) in accounts payable	(3,627)	6,961
Increase (decrease) in forgivable PPP loan	16,352	-
Increase (decrease) in deferred revenue	(16,342)	14,843
	58,651	28,232
Total cash flow from operating activities	(53,586)	200,074
 <i>Cash and cash equivalents, beginning of period</i>	 696,344	 496,270
 <i>Cash and cash equivalents, end of period</i>	 \$ 642,758	 \$ 696,344
 Non-cash activities:		
Donated equity securities	\$ 15,196	\$ 2,560

REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

1. ORGANIZATION

Reach for Uganda, Inc., (formerly Arlington Academy of Hope, Inc.) (RFU or the Organization) was incorporated under the laws of Virginia on December 28, 2004 and commenced operating as an independent not for profit organization on January 1, 2005. Prior to this date, RFU was an operating program of a church. RFU is a volunteer, non-profit organization based in the United States that helps children in rural Uganda reach their full potential. During the year ended December 31, 2020, AAH legally changed its name to Reach for Uganda, Inc.

Through grants and subsidies to an affiliate NGO located in Uganda, RFU funds the creation of model schools and clinics. RFU provides education and healthcare programs, local development opportunities, and community outreach to improve the quality of life and transform poor villages into self-sustaining communities. RFU does this by engaging a caring community of volunteers, child sponsors, donors, partners and friends in the United States, Uganda and throughout the world.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of RFU have been prepared on the accrual basis of accounting, in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, including ASU No. 2016-14, Not-for-Profit Entities: Presentation of Financial Statements for Not-for-Profit Entities.

Basis of presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958: Not-for Profit Entities. Contributions are recognized as revenue when they are received or unconditionally pledged. FASB ASC Topic 958 eliminates the utilization of fund accounting for financial reporting purposes and requires that net assets be classified as (1) net assets without donor restrictions; or (2) net assets with donor restrictions, depending on limitations placed on the net assets by donors. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions imposed at the time received. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be met or will be met either by actions of the Organization and/or the passage of time.

REACH FOR UGANDA, INC.
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are recorded at cost and depreciated over the estimated useful lives of the asset, between 3-5 years using the straight-line method. As of December 31, 2020 and 2019, all assets have been fully depreciated.

Cash and cash equivalents

RFU invests cash in excess of its immediate requirements in certificates of deposit and money market funds. Because of their short-term and high liquidity, these investments are considered to be cash equivalents.

Income taxes

RFU is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. As of December 31, 2020 and 2019, RFU has no unrelated business income subject to Federal tax.

Functional expenses

The costs of providing the various programs and other operating activities have been summarized on a functional basis in the statement of functional expenditures. Accordingly, certain indirect costs have been allocated amongst the programs and supporting services based upon management's best estimate of the benefit derived from these expenses.

Volunteers and In-kind contributions

In accordance with FASB ASC Topic 958, in-kind contributions, if any, are recorded at their estimated fair market value on the date the unconditional promise to give the asset is made and transfer of the asset is assured. For the years ended December 31, 2020 and 2019, volunteer hours and in-kind contributions were not included in the Statement of Activity since the value of these contributions could not be objectively measured.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the years then ended. Actual results could differ from those estimates.

REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions and all other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets no longer restricted and reported in the statement of activities as contributions released from donor restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Expenses associated with exchange or reimbursement of direct costs are expensed as incurred and grant funds are relating to these transactions are due and payable to the Organization. Net assets without donor restrictions received in advance of the donor specified award period are recorded as deferred revenue and recognized in the accounting period specified by the donor. Consulting, honoraria, and other income are recognized in the period earned.

Uncertain tax positions

In accordance with Financial Accounting Standards Board Accounting Standards Codification 740-10, Accounting for Uncertainty of Income Taxes which clarifies the accounting for the recognition and measurement of the benefits of individual tax position in the financial statements, including those non-profit organizations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the financial statements.

RFU analyzes tax positions taken, including those related to the requirements set forth in IRC Sec. 501(c) to qualify as tax exempt organization, activities performed by volunteers and board members, the reporting of unrelated business income, and its status as a tax-exempt organization under D.C statute.

The Organization is not aware of any tax benefits arising from uncertain tax positions and there was no effect on the Organization's financial position or changes in net assets as a result of analyzing its tax positions. Fiscal years ending on or after December 31, 2017 remain subject to examination by federal and state authorities.

Investments

In accordance with FASB ASC Sub-Topic 958-320 relating to the accounting for certain investments held by non-profit organizations, investments are carried at estimated fair value based on quoted market prices. Investments received through gifts are recorded at estimated fair market value at the date of donation. Investment income or losses (including realized gains and losses on investments, interest and dividends) are reported when earned and included as operating activities in the Statement of Activity. Unrealized gains and losses, if any, are classified as other (income) losses in the Statement of Activities. In the absence of any donor-imposed or legal restrictions on how investment income may be used, gains are reported as an increase in unrestricted net assets. A loss, realized or unrealized, is recorded as a decrease in unrestricted net assets. If restrictions do exist on the use of an investment, the gain or loss is shown as

REACH FOR UGANDA, INC.
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

an increase or decrease in either temporarily or permanently restricted net assets, depending on the type of restriction existing. Investment income (i.e., interest and dividends) earned during the year is reported as an increase in unrestricted net assets, unless the income's use is restricted; in that case, temporarily or permanently restricted net assets are increased depending upon the restriction.

As of December 31, 2020 and 2019, investments consisted of money market funds which are considered cash equivalents for the purpose of the Statement of Cash Flows. Per FASB ASC Sub-Topic 958-320 money market accounts are considered Level 1 investments. As of December 31, 2020 and 2019, RFU holds no other investments.

3. RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Due to the COVID-19 outbreak the Organization’s funding and program related revenue was curtailed, and steps were taken to mitigate health risks to employees and the financial impact on the organization.

On March 27, 2020 the President of the United States signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act” to provide certain relief as a result of the COVID-19 outbreak. As described in Note 5, the Organization applied for and received funds under the Paycheck Protection Program as well as additional sources of contributed emergency funding.

4. BOARD DESIGNATED NET ASSETS

The Board of Directors approved a "Board Designated Operating Reserve Fund" (the Fund) beginning January 1, 2019. The specific funding is discretionary. As of December 31, 2020 and 2019, the balance in this designated fund is \$0.

REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

5. PAYROLL PROTECTION PROGRAM LOAN

In May 2020 under the Small Business Administration's (SBA) Payroll Protection Program (PPP), RFU received loans totaling \$16,352. In accordance with FASB ASC Subtopic ASC 470 RFU is required to record the initial receipt of PPP loans as a liability in the Statement of Financial Position. This liability would be derecognized when the Organization has been “legally released” or when the loan is repaid. At that time, forgiveness is recorded as an unconditional government grant. Management is confident that it has complied with the provisions of the PPP loan terms to qualify for total forgiveness and these funds will be recorded as unconditional government grants upon forgiveness by the SBA.

6. RELEASED FROM RESTRICTIONS

For the years ended December 31, 2020 and 2019, \$291,446 and \$221,732, respectively, of net assets with donor restrictions were released for program activities. These expenditures are included in on the Statement of Functional Expenses for the years ended December 31, 2020 and 2019, respectively, and were properly used for various program related expenses as stipulated by the donor.

7. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020 and 2019, RFU has net assets subject to donor restrictions relating to its Uganda and school programs totaling are as follows:

Program	2020	2019
Education, Health, and Other Programs	\$ 214,053	\$ 290,104
Secondary School Building	43,286	43,286
	\$ 257,339	\$ 333,390

8. COMMITMENTS AND CONTINGENCIES

For the year ended December 31, 2020 the Organization has a month to month lease for office space. RFU has no long-term commitments (exceeding one year) for leases, contracts, grants or awards and/or other potential contingent liabilities requiring disclosure or accrual in the financial statements as of and for the years ended December 31, 2020. For the years ended December 31, 2020 and 2019, rent expense totaled \$11,664 and \$11,016, respectively.

9. CONCENTRATIONS

During the year it is possible for RFU to maintain cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000 per financial institution/per organization on demand deposits, certificates of deposit, and money market accounts combined. As of December 31, 2020, balances exceeding FDIC insurance limits totaled \$93,373. Management considers the risk of loss relating to these bank accounts minimal.

REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

10. LIQUIDITY

RFU has \$673,490 of liquid financial assets available for use within one year of the balance sheet date to meet cash needs for general expenditures and donor or other contractual restrictions. Liquid financial assets as of December 31, 2020 consists of cash of \$642,758, grants and pledges receivable of \$30,000, and prepaid expenses of \$732

Financial assets subject to donor or other contractual restrictions total \$257,339 making them unavailable for general expenditure within one year of the balance sheet date.

The grants and pledges receivable are subject to implied time restrictions but are expected to be collected within one year.

RFU's has a goal to maintain liquid, non-committed financial assets, which consist of cash and money market funds, on hand to meet on average 12 months of normal operating expenses, which are, on average, approximately \$20,000 per month.

RFU policy is to structure its liquid financial assets to be available as its general expenditures, liabilities, and donor obligations come due.

11. *SUBSEQUENT EVENTS*

Subsequent events have been reviewed through July 29, 2021. All items affecting the financial statements for December 31, 2020 have been included in the accompanying financial statements and related disclosures.

REACH FOR UGANDA, INC.
(FORMERLY ARLINGTON ACADEMY OF HOPE, INC.)
SUPPLEMENTAL INFORMATION
CALCULATION OF ACTUAL INDIRECT COST RATE
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Programs (a)	Fund Raising (b)	Total Direct Cost (a+b) = c	Administrative and General (d)	Overhead Rate (d)/(c)
2020	\$ 616,380	\$ 64,598	\$ 680,978	\$ 108,477	15.93%
2019	\$ 732,523	\$ 83,939	\$ 816,462	\$ 125,330	15.35%

Fund raising expenses for the purpose of this calculation includes fund raising events direct expenses which are included on the Statement of Activities for the year ended December 31, 2020 and 2019 as an offset to event revenue.