

TechLit Africa

2022 Financial Report

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Introduction

This report includes 9 financial statements from TechLit Africa (US 501c3) and TechLit Kenya (Kenyan CBO).

The primary purpose of this report is to provide important disclosures necessary for a complete and accurate representation of TechLit Africa (US 501c3) and TechLit Kenya (Kenyan CBO).

TechLit Africa (US 501c3) and TechLit Kenya (Kenyan CBO)

We intend for TechLit Africa (US 501c3) and TechLit Kenya (Kenyan CBO) to be two financially separate entities. Financial statements are provided separately to clarify our intentions.

The purpose of TechLit Africa (US 501c3) is to provide rural Africans opportunities to make a living by redistributing used computers, funding their effective use, and supporting new TechLit servicing organizations like TechLit Kenya (Kenyan CBO). TechLit Africa (US 501c3) shouldn't focus on teaching classes or influencing local culture, but only collecting donations and honoring donor wishes.

TechLit Kenya (Kenyan CBO)'s purpose is to provide rural Kenyans opportunities to make a living by teaching computer lessons in rural primary schools. TechLit Kenya (Kenyan CBO) shouldn't focus on collecting donations or tracking donor wishes, but only on providing a quality education for students.

We intend for TechLit Kenya (Kenyan CBO) to enter into a franchisee-like agreement with TechLit Africa (US 501c3), getting a right-to-use lease on used computers and a license to use TechLit's brand and services in exchange for data and impact evidence. This agreement will serve as a template for starting similar organizations in other countries.

Self-Sufficiency

For our program to work, we believe local operations must be funded locally. Initially, TechLit Kenya (Kenyan CBO) received most of its revenue from TechLit Africa (US 501c3) via donations, but it is nearly self-sufficient now. In 2023, it could receive all of its funding through service fees from schools. This kind of revenue appears on TechLit Kenya's statements as Self-funded revenue.

We would like redistribution of used computers and their recycling to be funded by the previous owner, so that TechLit Africa (US 501c3) doesn't need to raise money separately to cover any program expenses.

In some cases, schools cannot pay for their own classes entirely. We would like to connect corporate and individual donors with those schools and communities to fill that need. This kind of fundraising, revenue and expenses appear on the statements as school funds and externally-funded activities.

100% Fundraising Model

We promise donors on our website that unless otherwise discussed, 100% of their donation will support our program.

The General Fund in our statements appears as Unrestricted. We intend to use that fund entirely for our program.

All other funds appear simply as Restricted, although we did not enter into any written funding agreements.

To cover Management and Fundraising expenses, we raise money specifically for our Admin Fund.

Programs & Funds

Our intention is to focus on one program, and minimize focus on others. Our main program is teaching computer classes in rural African primary schools, serviced by the General Fund with expenses appearing under Program Expenses.

Other programs appear with their own funds, with expenses appearing under Other Programs. We raised funds to keep students in school this year, appearing under the Student Fund. We also raised and spent funds on building a media studio.

The Mombasa Relief Initiative (MRI) is a nonprofit organization based in Illinois that supports schools in Mombasa. In 2021, MRI shipped three pallets of computers for TechLit Africa in exchange for TechLit teaching classes in three of their schools. MRI donated \$2100 to TechLit specifically to pay TechLit educators in their schools.

IEX is a corporation based in New York that donated to fund TechLit classes in a specific set of schools.

Logiri & Chepyuan are schools that are funded by a set of specific donors.

Shipping appears as a separate fund in the reports because some computer donors have given specifically to ship computers, and we keep track of their funding separately for that purpose.

Important Disclosures

Likely \$450,000 Unrestricted Grants

We may be receiving \$450,000 USD in unrestricted grants in 2023, but are not sure when, or how it will be paid, or if it is entirely cash. We did not include it in our 2022 statements.

Executive Salaries

Nelly Cheboi and Tyler Cinnamon, our founders and the only employees of TechLit Africa (US 501c3), have been volunteering their time from the beginning. The TechLit Africa (US 501c3) board of directors has agreed to a gross salary of \$150,000 USD each for Nelly and Tyler so they can afford to continue working on TechLit full time. These are competitive salaries for executive directors and lead software engineers in the USA.

Prepaid Lease on Kenyan Headquarters

TechLit Africa (US 501c3) paid in advance for a 5-year lease on the second floor of Zawadi Yetu in Mogotio, Kenya at \$1,000 per month (\$60,000 total, in order to assist with construction of the building. When the 5-year lease ends, TechLit Africa is entitled to another 5-year lease free of charge.

TechLit Kenya uses this space to teach computer classes for Zawadi Yetu, as office space and as a warehouse. It appears on TechLit Africa (US 501c3)'s books every month drawing from the "Kenya HQ" fund.

TechLit Kenya (Kenyan CBO) Expense Reporting

Startups are messy. Until the last few months of the year, expenses were misreported on the Kenyan books, lacking sufficient evidence. We are providing as much information as we can from what evidence we have. Starting in September 2022, TechLit Kenya (Kenyan CBO) has sufficient evidence for reported expenses.

TechLit Kenya (Kenyan CBO) Petty Cash

Because of technical challenges, lack of personal savings, expense reporting needs and the need for convenient payment processing options, TechLit Kenya (Kenyan CBO) sends money ahead of time to

team members for expenses. We consider all cash held by team members as petty cash because it can be difficult to track, it needs to be reconciled often, and having some amount of cash is necessary to operate day to day,

Aggregated Non-Financial Donations

We should disaggregate the items in our fixed assets categories, and we need detailed explanations of the methods used to arrive at fair market values. To date, fixed assets (notably used computers) are aggregated and the methods used to arrive at fair market value aren't documented well.

We expect to restate fixed asset values after disaggregating and standardizing valuation methods.

Depreciation Methods

TechLit Africa (US 501c3)'s used computers were depreciated linearly as a group with an expected useful life of 6 years. This category includes less than 1,500 used computers, many thousands of cables, less than 500 used monitors, less than 100 networking devices, and hundreds of keyboards and mice. The majority of devices were between 6 and 10 years old in 2022. We plan on implementing a detailed asset-tracking system in 2023.

TechLit Kenya (Kenyan CBO)'s motorbikes were each depreciated linearly with an expected useful life of 8 years. This category includes two motorbikes (one purchased new in 2021 and one purchased new in April, 2023).

TechLit Kenya (Kenyan CBO)'s classroom furniture was depreciated as a group with an expected useful life of 8 years. This category includes roughly 20 tables and benches made of wood and metal.

TechLit Kenya (Kenyan CBO)'s used computers were depreciated as a group with an expected useful life of 6 years. This category includes less than 100 monitors, roughly 10 WiFi routers and less than 100 cables.

TechLit Kenya (Kenyan CBO)'s media studio equipment was depreciated as a group with an expected useful life of 6 years. This category includes a professional set of speakers, a microphone, headphones and a musical keyboard used for audio production.

Statements Overview

We provide statements of activity and position in two flavors: monthly and by fund.

Position (Balance Sheet) - US 501c3 & Kenyan CBO

The statements of position show the value held by TechLit organizations on a specific day. It does not indicate any change or activity, only the precise, instant value.

Many figures are cash in our bank (such as current assets), but many are cash in someone else's bank (such as receivables) or even the committed value of a donation (such as restricted net assets).

Activity (Income Statement) - US 501c3 & Kenyan CBO

The statements of activity show the changes in the position of TechLit organizations over a specific period of time. We have done our best to clearly categorize income changes by source, and expense changes by both nature and function.

Monthly Statements - US 501c3 & Kenyan CBO

We are still a very young and rapidly changing organization, and the monthly statements are the only way to clearly communicate the current volatility of these statements.

Restricted Fund Statements - US 501c3 & Kenyan CBO

The restricted fund statements are meant to communicate the restrictions and donor wishes that we're tracking. Ideally we would provide a monthly view of this as well, but it isn't practical to deliver in this medium.

Statements of Position (US 501c3)

This section covers TechLit Africa (US 501c3)'s statements of position. You should have two of these statements available accompanying this report: monthly and by-fund.

Cash & Equivalents

TechLit Africa (the American 501c3) has two bank accounts: "General" and "Admin". The purpose of the Admin account is to strictly cover any and all expenses from the Admin Fund, but we started off on the wrong foot this year, and we incidentally mixed and matched expenses between accounts.

PayPal is an Internet service that we use to collect donations internationally. We are free to transfer cash out of our PayPal account at any time, which is why we don't consider it a receivable. PayPal charges a reasonable processing fee when receiving payments for us.

Receivables

Stripe is our main payment processor, handling donations on our website and from a few other internet sources. Stripe routinely deposits cash into our bank account, and provides reconciliation reports on-demand. Stripe charges a reasonable processing fee when receiving payments for us.

Facebook accepts donations for TechLit Africa (US 501c3) via Facebook and Instagram with no processing fees, and deposits money semi-monthly.

PayPal Giving is yet another service to accept donations offered by PayPal. They appear to deposit funds into our PayPal account semi-monthly.

Fixed Assets

TechLit Africa (US 501c3) accepts donations of used computers and other equipment usable in computer classes. In 2022 we have not indicated the location, disposition or age of used computers in our statements, but we plan to in the future. The majority of used computers owned by TechLit Africa (US 501c3) are being used by TechLit Kenya near Mogotio, Kenya.

We previously paid for a 10-year lease on the second floor of Zawadi Yetu in Mogotio, Kenya. The value of that lease drops every month, because we would otherwise be paying rent, and on the last day of our 10 years, it's value should be nothing.

Liabilities

Gusto is TechLit Africa (US 501c3)'s payroll provider. They routinely bill us for payroll, which is how they appear as a liability.

TechLit Africa (US 501c3) raises money to teach computer classes in specific primary schools in Kenya. TechLit Kenya (Kenyan CBO) acts as a service provider for the lessons in those schools. TechLit Kenya (Kenyan CBO) invoices TechLit Africa (US 501c3) when services are complete, which is how TechLit Kenya Fees appears as a liability.

Net Assets

Net assets are split into restricted and unrestricted. While our 100% fundraising model puts all donations (by default) into the unrestricted category, that is misleading in this context. We intend to use unrestricted entirely for program expenses, and to cover all over expenses with restricted donations.

Statements of Activity (US 501c3)

This section covers TechLit Africa (US 501c3)'s statements of activity. You should have two of these statements available accompanying this report: monthly and by-fund.

Cash Donations

Crowdfunding accounts for all donations made over the internet: donations on the techlitafrica.org website, donations to CNN's GoFundMe campaign, donations made on facebook and anywhere else. The majority of internet donations came through in December during and after the CNN Heroes event. This activity is predominantly unrestricted (intended for program use).

Personal and Major Gifts accounts for all physical checks or major gifts made by individuals or families. Whenever possible, we discuss using these donations for the Admin fund, which is why so much of this category is restricted.

Corporate Giving represents our efforts to build relationships with companies. We try to connect corporations with specific communities for long-term funding.

Computer Donations

We have three distinct sources for computer donations: companies, schools, and anyone else. The majority of our donations come from corporations, who donate dozens to hundreds of computers at a time, and one institution (Augustana College) donates a similar number consistently. The values shown represent an estimated fair-market value, based on previous pro-forma invoices used for shipping.

While some donors have specific wishes, those restrictions are not shown in the by-fund statement.

Fundraising Expenses

We spent \$330.84 USD flying Tyler to New York to meet with donors and attend the CNN Heroes event in December.

Marketing accounts for a few cloud services that helped us find and communicate with stakeholders in corporations.

Early this year, we spent \$52 USD on Facebook ads. The experiment wasn't worth continuing.

Management Expenses

Money fees accounts for all payment processing fees, international transfer fees and any other cost related to moving or handling money. To simplify accounting, we attributed the cost of accepting and moving money to that fund.

Admin Services accounts for legal costs such as government report filing fees, non-fundraising cloud services and for all web hosting costs that aren't strictly used for the program (like website hosting).

Payroll is the amount paid in salary (before employee taxes) to Nelly and Tyler. Although an annual salary of \$50,000 USD each was voted on by the board, we didn't accrue their salary because historically the salary has been waived. Most payroll was paid in October as back pay, and the rest was waived.

School Support

Traveling accounts for Nelly and Tyler's flights to and from Kenya while starting TechLit Kenya (January and June), and for Nelly's trips visiting communities across Kenya (July through November).

Kenya Startup accounts for donations made to TechLit Kenya (Kenyan CBO) to support operations until it becomes self-sufficient. TechLit Kenya (Kenyan CBO) was active throughout the year (except for in May), but donations decreased later because TechLit Kenya became more self-sufficient (compared with TechLit Kenya (Kenyan CBO)'s activity statements).

Program Fees accounts for payments made to TechLit Kenya (Kenyan CBO) as a service. Corporate and individual donations made to a specific school or community are sent to TechLit Kenya (Kenyan CBO) every month.

Computer Support

Until January 2023, TechLit Africa (US 501c3) rented a storage unit in Melrose Park, Illinois, to collect, pack and ship donations. June through September was more expensive because we rented more space to keep pallets of computers ready to ship.

Shipping and Customs accounts for air, ocean and ground freight, packing supplies and customs fees. Shipping and customs is generally funded by our 100% model as a program expense, but in some cases donors expected their donations to be used specifically for shipping.

Depreciation shows how much TechLit's computers have aged (in value) over time.

Other Programs

In 2021, we donated computers to other organizations, shown previously as partner donations.

TechLit Africa (US 501c3) raised funds for students in Mogotio who were falling out of TechLit classes because of missed tuition payments. Donors sent funds specifically to keep them in the same school.

Media studio setup accounts for funds we raised and spent specifically to build a music studio in Mogotio for youth to record and edit their own music.

Kenya HQ Rent accounts for the depreciation of our prepaid lease on the second floor of Zawadi Yetu.

Statements of Position (TechLit Kenya)

This section covers TechLit Kenya (Kenyan CBO)'s statements of position. You should have two of these statements available accompanying this report: monthly and by-fund.

Cash & Equivalents

TechLit Kenya (Kenyan CBO) keeps most funds in a checking account with KCB Bank.

Because of technical challenges, lack of personal savings, expense reporting needs and the need for convenient payment processing options, TechLit Kenya (Kenyan CBO) sends money ahead of time to team members for expenses. We consider all cash held by team members as petty cash because having some amount of cash is necessary to operate day-to-day, it can be difficult to track and needs to be reconciled often.

The petty-cash deficit at the end of the year is mostly from Tyler's MPesa account. To avoid donations from TechLit Africa (US 501c3), we used his MPesa to pad short-term cash-flow while improving collections.

Receivables

Earned Fees accounts for payments expected for services already completed that have not yet been paid. Self-Funded fees are expected from schools paying for themselves, and Externally-Funded fees are expected from external sources, like TechLit Africa (US 501c3)'s donors.

Advance Stipends were advance payments made to team members for work they planned to do in the future. We expected the stipends to be an impactful financial tool for team members living in Mogotio. We found that while most never took advances, accepting them put a few people in constant debt. We stopped paying advance stipends around July, and waived the remaining balances.

Fixed Assets

TechLit Kenya (Kenyan CBO) has two motorcycles, one meant for Mogotio Hub and one meant for Mombasa Hub. The changing amounts show depreciation over time.

TechLit Kenya (Kenyan CBO) has classroom furniture made for the first few schools in 2021. The changing amounts show depreciation over time.

TechLit Kenya (Kenyan CBO) has purchased equipment when necessary, also showing depreciation over time.

TechLit Kenya (Kenyan CBO) received funds specifically to build a music studio in Mogotio. Those funds were spent on equipment that appears as a restricted fixed asset on the position statements.

Liabilities

Prepaid Fees accounts for payments made in advance for services to-be-completed. Self-Funded fees are from schools paying for themselves, and Externally-Funded fees are from external sources, like TechLit Africa (US 501c3)'s donors.

Payable Stipends accounts for money that TechLit Kenya owes its team members for work they have already done. Stipends are paid after we receive impact data. One person in Mombasa didn't send impact data on the last week, so we're waiting to pay her from the MRI fund, holding MRI funds for that purpose.

Payable Transport accounts for money that TechLit Kenya (Kenyan CBO) owes taxi services and drivers.

Statements of Activity (TechLit Kenya)

This section covers TechLit Kenya (Kenyan CBO)'s statements of activity. You should have two of these statements available accompanying this report: monthly and by-fund.

Service Revenue

TechLit Kenya (Kenyan CBO) charges schools fees to teach computer classes. Self-Funded fees are from schools themselves, and Externally-Funded fees are from external donors to subsidize or completely cover fees for a specific school.

Donated Revenue

While becoming self-sufficient, TechLit Kenya (Kenyan CBO) was funded by donations from TechLit Africa and a few individuals in Kenya. TechLit Africa decreased donations as TechLit Kenya (Kenyan CBO) became more self-sufficient.

Program Expenses

Stipends account for money paid to educators teaching TechLit classes in member schools.

Food is generally money spent on lunch as a perk for volunteers, although it was bundled with regular pay for most of 2022, and will be removed as a separate category in 2023.

Transport accounts primarily for educators' daily commute to and from school, but also for the cost of moving educators to and from meetings and between hubs to exchange skills. This is almost entirely bus tickets or motorcycle rides.

Setup Transport is separate from transport because it accounts specifically for the cost of installing or uninstalling an entire classroom of computers.

Phone & Data is the cost of cellular data for team members doing management tasks and WiFi at hubs.

Supplies accounts for classroom supplies like notebooks, cleaning supplies or curtains, as well as computer supplies like cables and repair tools.

TechLit Kenya (Kenyan CBO) paid rent for an apartment in Nyali, Mombasa, Kenya, until November, 2022.

TechLit has a policy of not paying for electricity in member schools. Although we've done that on occasion, Electricity is mostly the cost to maintain computers at Mogotio HQ and the Mombasa Hub apartment.

When first setting up the Mombasa Hub apartment, we bought household goods like a stove and bed for educators to live at the hub. We also bought some household goods for Mogotio Hub to host educators for meetings or to teach in town.

Non-Program Expenses

TechLit Kenya (Kenyan CBO) has paid for some shipping on TechLit Africa (US 501c3)'s behalf, later paid by TechLit Africa (US 501c3)'s donors.

TechLit Kenya (Kenyan CBO) set up TechLit Africa (US 501c3)'s music studio in Mogotio, paid for by TechLit Africa's donors.

Money Fees accounts for transaction fees, bank fees and any other cost associated with handling money.

TechLit Kenya (Kenyan CBO) paid to produce a few music videos for TechLit Africa (US 501c3), paid for by TechLit Africa (US 501c3)'s Admin Fund.

Other Expenses

Depreciation is shown as one line item, but calculated by each asset category separately.

The line item for "Other Expenses" accounts for unknown costs and payments sent and received by mistake. The annual total is 20,000 KES, less than 10% of total expenses. We are committed to minimizing this in 2023.

2023-2024 Budget (US 501c3)

This section covers TechLit Africa (US 501c3)'s 2023-2024 budget. You should have a separate PDF version of the budget available accompanying this report.

Cash Donations

Because TechLit Africa (US 501c3)'s general fund has enough cash to cover shipping expenses in 2023, our primary concern for the general fund is preserving momentum. We plan to maintain moderate crowdfunding growth by inviting donors to our **monthly giving program**.

We plan on inviting donors of Personal & Major Gifts to support our Admin Fund.

We will continue to invite corporations to support specific schools or the Admin Fund.

Finally, we are planning on applying for more Grants & Awards to support the first few years of our Admin Fund.

We believe we will receive \$450,000 USD in unrestricted grants from the Elevate Prize, CNN Heroes and Subaru in 2023, which we can direct to the Admin Fund. We expect to continue fundraising for the 2024 budget in 2023 if that happens.

Computer Donations

We expect in-kind computer donations to increase steadily, but we will probably need to push for more donations to reach our 2024 growth expectations.

Fundraising Expenses

We expect Nelly to travel once or twice for fundraising, but otherwise to not spend on fundraising. All fundraising expenses draw from our Admin Fund, in line with our 100% model.

Management Expenses

We expect to pay for more Admin Services (such as tax and legal advice) so that we're prepared to start more servicing organizations (similar to TechLit Kenya, the Kenyan CBO) in countries neighboring Kenya.

The biggest change in expenses overall is that Nelly and Tyler will draw salaries of \$150,000 USD each in 2023. The salaries were agreed to by TechLit Africa (US 501c3)'s board and chosen to be competitive with salaries of other executive directors and lead software engineers.

We are also budgeting for a third team member in 2024. All management expenses draw from our Admin Fund, in line with our 100% model.

School Support

We expect Nelly and Tyler to fly to and from Kenya multiple times in 2023 and 2024.

TechLit Kenya (Kenyan CBO) should be nearly self-sufficient in 2023, so we're only budgeting \$2,000 USD for servicer startup donations to TechLit Kenya (Kenyan CBO) in 2023. In 2024, we are budgeting for donations to other servicing organizations in neighboring countries.

We expect corporate and individual donors to be assisting a few more schools and communities in 2023 and 2024, which appears here as Program Fees.

Computer Support

We closed our storage unit in Melrose Park, Illinois, so there will not be any more storage costs.

We're expecting steady growth of computer donations, so we are budgeting for proportional growth of Shipping & Customs expenses.

We're showing Depreciation here for comparison with other activity statements. Note that it's not an expense we need to raise money to cover, but it still counts against the net bottom line, so it can be misleading.

Other Programs

We aren't expecting to raise money for other programs, but the prepaid lease on our headquarters in Kenya will continue to age. Note that it's not an expense we need to raise money to cover, but it still counts against the net bottom line, so that can be misleading.

We normally show Kenya HQ expenses as drawing from a separate fund, but grouped it into General here for simplicity and to preserve the total between funds for comparison.