

SUMMARY OF EIP FINANCIAL POLICIES

(EIP is Education Is Power, an operating name for the East Africa Education Trust)

1. Funds are received into a Bank of Montreal account in the name of the charity. The only signing officers are Dave Cuddy (EIP Director and Co-founder) and Ken Cuddy (Chief Financial Officer). We conduct monthly bank reconciliations.
2. Individual donors are given a tax receipt to be used as a charitable deduction on income tax returns. Deduction amounts range from province to province where Ontario offers 40%, BC offers 46% and so on. A donor in BC who makes a \$100 deduction receives a tax credit or refund of \$46. EIP is registered as a charity with Canada Revenue Agency (BN 84627 9693). We report annually to Canada Revenue Agency (CRA).
3. Funds are sent to Kenya or Tanzania electronically i.e. money is withdrawn from our bank account electronically and then electronically deposited directly into our bank account in Kenya or Tanzania. We try to minimize money transfer charges by procedures such as making major money transfers coincide with the 3 semesters of the Kenyan/Tanzanian school year.
4. In Kenya (where most of our work is done), we complete our transactions through a partner although CRA refers to such individuals as agents. Pursuant to the requirements of CRA we have a written contract with our partner/agent. The Agreement is filed with CRA. In subsequent sections of this document we refer to these CRA agents as partners.
5. Our partners in Kenya are KENVO (Kijabe Environment Volunteers) and David Kuria who is the executive director of KENVO. KENVO is located in Kijabe, Kenya. Dave Cuddy worked with KENVO and David Kuria while he was participating in an exchange program with Canada World Youth (KENVO was a partner with Canada World Youth). KENVO is a conservation organization that has significant contact with students as part of its own operation. We have continuously worked with these partners since we began as a charity in 2008.
6. Pursuant to CRA rules KENVO and David Kuria maintain a separate account i.e. it is segregated from funds of KENVO and David Kuria, so that we have a continuous record of funds transferred to Kenya and their disbursement in Kenya. We receive monthly bank statements from Kenya together with monthly statements of our partner as to all payments made in Kenya.
7. In Kenya our biggest disbursement is the payment of tuition fees. These payments are made electronically from our Kenya bank account directly into the bank accounts of the different schools. In some cases, we pay school related expenses when a student's family cannot contribute. These school related expenses such as text books, uniforms, boarding school fees, and transportation are paid directly to suppliers, through staff at the student's school, through an EIP partner, or in the case of minor expenses directly to a post-secondary student. Our partners monitor all payments to ensure money is allocated properly and to collect receipts for our records.
8. Our policy is to be careful to select students who are in special need because of dire financial situations and sometimes tragic family circumstances. These students would not be able to attend school without our help. At the same time, we try to involve the family of the student in supporting that student even if it is only in a small amount. We also ask students to assist in our Kenya operation, to mentor younger students, and to repay part of their tuition costs upon obtaining employment after graduation.

9. We have initiated two collateral student projects. Each year EIP conducts three Tutoring/Empowerment programs in two different locations in Kenya. These programs are each 1 week in duration and are designed to go beyond traditional education to foster leadership skills, community volunteer work, and personal growth through experiential learning. In the second project we occasionally contract local Kenyans to perform prolonged special assignments. These assignments are of a research and review nature such as analyzing student reports and compiling evaluations. The assignments require a considerable amount of time and effort and therefore a small fee is paid. We also pay a small fee to Kenyan volunteers who perform smaller time consuming tasks to assist EIP in its administration. These individuals to whom small fees are paid are also volunteers for EIP who are familiar with our program. They are poor and often unemployed. These stipends are given carefully to ensure the spirit of volunteerism prevails within Education Is Power.

10. Our goal is to minimize our expenses so that donors can contribute as much as possible directly to the students. There are no salaries. The only Canadian expenses charged to EIP general revenues are money transfer fees (to Kenya/Tanzania), nominal bank charges, and some promotional material. The balance of expenses including office expenses, travel, communication, and some promotional material are paid out of pocket by the Trustees. We have agreed to pay expenses of our partners mainly in respect to communication, banking and local transport. We do not borrow funds and we pay all expenses as they are incurred. Thus the balance sheet always shows no liabilities.

11. A brief 2014 financial statement located on our website shows the relative amounts of expenses as compared to student payments. Out of a total of \$37,497 in expenditures we spent \$841.28 on 2014 Administrative expenses including \$525.74 for 2014 administrative expenses in Kenya, \$284.54 on money transfer costs, and \$31 on regular bank fees in Canada. The Kenya administrative expenses are expenses incurred by our Kenya volunteers and a large portion of those expenses is associated with obtaining student tuition amounts, receipts for tuition payments, and reports on students. Students are located in several different schools in widely separated geographic areas. EIP's total administrative expenses were 2.25% of total expenditures in 2014 and continue to stay very low.

12. Out of a total of \$36,248 in charitable expenditures we spent \$29,357 on tuition, \$3,055 towards a teacher salary, and \$3,828 on miscellaneous student items. The latter item includes \$1,231 for Tutoring/Empowerment programs. Other miscellaneous items are derived from specific situations. We have a few individual donors who pay for all expenses of an individual student such as accommodation, transport to school, books, uniforms etc. For East African students who do not have such a sponsor, EIP has a policy of paying such expenses on a limited basis and on a case by case basis. The limitation is maintained to ensure commitment by students and their families.

13. Although we have reliable partners, we have a policy of directly monitoring the operations in Kenya and Tanzania. Dave Cuddy and other Canadian EIP representatives travel to East Africa to conduct project effectiveness assessments. They personally meet with our Kenyan and Tanzanian partners, and as many EIP students as possible, as well as visit some of the schools and families of EIP students. Some of the expenses of this travel are shown on the EIP financial statement but they are paid by one donor as a separate donation. Other travel expenses are paid out of pocket or donated by Kenyan hosts who regularly provide accommodation and food.

14. We are currently expanding our work into Tanzania on the same basis as in Kenya. In Tanzania our CRA agent or partner is a youth development non-profit organization called Uvikiuta and its executive director Ben Mongi both whom partner with Canada World Youth, and specifically in the exchange program in which Dave Cuddy participated.