



2019 Statement of ROI

THE RETURN ON INVESTMENT CREATED BY **KAHURIA, KENYA QUALITY EDUCATION PROJECT**,
A PROGRAM OF **THE 410 BRIDGE**,
FOR THE YEAR ENDING DECEMBER 31, 2019

Prepared by:

CALVIN EDWARDS
& COMPANY

Maximizing the Good of Giving



for:

ROI Ministry

780 Old Roswell Place

Suite 100

Roswell, GA 30076

in collaboration with:

The 410 Bridge, Inc.

3955 Marconi Drive, Suite 205

Alpharetta, GA 30005

July 2020



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NOTICE

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Introduction

ROI Ministry (ROIM) seeks to find, support, and promote ministries that have high levels of impact per dollar invested. These organizations proclaim the gospel, bring people to faith, or help the poor and needy in the name of Christ—and do so in very effective ways, thus ensuring a high return on investment (ROI) for kingdom giving.

Each year, since 2011, ROIM has identified and published its list of “Top 10” ministries that operated programs in the prior year that reaped significant outcomes with the finances entrusted to them. For 2019, the list includes **The 410 Bridge** and its program, **Kahuria, Kenya Quality Education Project**.

Calvin Edwards & Company (CEC), a philanthropic advisory firm in Atlanta, GA, has extensive experience calculating ROI, and performing similar analyses, for many organizations worldwide. ROIM has engaged CEC to conduct a professional, third-party review and ROI calculation of each “Top 10” ministry program since 2014. CEC was not engaged to identify the ministry programs or verify that their ROI exceeds others’.

In addition to considering kingdom “return,” ROIM has adopted 18 standards that “Top 10” ministries should meet. These are presented in Appendix A. How The 410 Bridge and its program align with these standards is indicated on the following pages with color-coded symbols. The Confidence Rating that appears on page 5 is an estimate of CEC’s confidence that the ROI calculation is reasonably accurate. It is based on (i) findings when the organization’s claims pertaining to compliance with standards were examined, and (ii) analysis of the quality of the data and explanations provided to perform the calculation.

410 Bridge completed the application process for its program, Kahuria, Kenya Quality Education Project, and it was selected by ROIM from a pool of applicants. This *2019 Statement of ROI*, created by CEC, constitutes an independent verification that the program efficiently and effectively used funds in 2019 to reach the lost with the gospel.

The 410 Bridge

LEGAL NAME

The 410 Bridge, Inc. (410)

ADDRESS

3955 Marconi Drive, Suite 205
Alpharetta, GA 30005

TELEPHONE

770.664.4949

WEBSITE

www.410bridge.org

EMAIL

steve@410bridge.org

MISSION

"To engage followers of Christ to help people in developing nations lift themselves from poverty, restoring dignity, purpose and freedom."

GEOGRAPHIC FOCUS

Kenya, Uganda, Haiti, Guatemala

STRATEGY

To help people lift themselves from poverty, 410 connects U.S. churches with developing world communities to enhance development in the areas of micro-enterprise, health & wellness, safe water, education, and discipleship.

STATEMENT OF FAITH

1 Yes, consistent with historic Christian creeds

LAUSANNE COVENANT

2 Yes, subscribes to the Covenant

LEADERSHIP FAITH COMMITMENT

3 Leadership manifests a personal commitment to Jesus and is actively involved in a church.

NUMBER OF PAID STAFF

21 in the U.S., 28 in Kenya, & 21 in Haiti

BOARD

4 Nine members

INDEPENDENCE

5 All nine members are independent.

BOARD DONORS

All have contributed in the last year.

MEETING FREQUENCY

6 Quarterly

SENIOR EXECUTIVE



Kurt Kandler has served as executive director of 410 since its founding. Prior to 410, Mr. Kandler worked in the private business sector. He has a BBA with an emphasis in finance and accounting from Georgia State University.

AUDITED FINANCIAL STATEMENTS

7 Yes, by Barnes, Merritt, & Barnes LLC

TRANSPARENCY

8 **10** Yes, financial statements are made available to the board regularly, and to the public on 410's website.

ACCOUNTING CONTROLS

9 Yes, internal accounting controls have been implemented.

RESPONSIVENESS

11 Acceptable; response to questions was delayed, but communication was good.

501(C)(3)

12 February 2007

DONATION DEDUCTIBILITY

Yes, U.S.

LATEST FORM 990 FILING

2018

FOUNDED

13 2006

LEGAL RELATIONSHIP TO OTHER ENTITIES

410 founded 410 Bridge International, an approved NGO in Kenya with a separate board of directors; 410 Bridge-Haiti, a registered organization in Haiti; and Daraja Children's Choir, Inc., a U.S. 501(c)(3).

PRODUCTS/PROGRAM SERVICES

✓ ECONOMIC DEVELOPMENT—providing opportunities for income growth, such as micro-enterprise by women.

✓ HEALTH & WELLNESS—providing resources such as greenhouses to support better nutrition, or pit latrines for sanitation.



The groundbreaking ceremony for a new school building in Kahuria; community members helped with construction.

✓ SAFE WATER—providing wells and water distribution systems.

✓ EDUCATION—serving local schools by improving facilities and providing textbooks, teachers, and child sponsorship.

✓ DISCIPLESHIP—sharing the love of Christ and training pastors.

STATEMENT OF FINANCIAL POSITION, 12/31/19

Assets	\$4,129,859
Liabilities	\$20,721
Net assets	\$4,109,138
Portion restricted	\$3,150,071

Source: Unaudited financial statements. A Statement of Financial Position is the balance sheet of a nonprofit organization. 410 is having its 2019 financials audited, however, this Statement was prepared prior to completion of the audit.

STATEMENT OF ACTIVITIES, 1/1/19 – 12/31/19

Revenue	\$5,064,714
Expenses	\$5,552,970
Net income	\$(488,256)

Source: Unaudited financial statements. A Statement of Activities is the income statement or profit & loss statement of a nonprofit organization.

MINISTRY UNIQUENESS

410 achieves indigenously sustainable change through a holistic approach, with its five program areas. It also mobilizes U.S. churches to develop relationships and work with community members to meet their needs.

Kahuria, Kenya Quality Education Project

PROGRAM PURPOSE

To create a long-term, sustainable solution to increase access to, and quality of, education for children in Kahuria, Kenya.

PROGRAM STRATEGY

To increase access to, and quality of, education for children in Kahuria, Kenya, 410 worked with community leaders to provide classroom facilities.

PROGRAM DESCRIPTION

Education is one of 410's five interconnected community development service areas. Its work in these five areas changes the context in which a child lives, to ensure he or she can pursue education and break the cycle of poverty.

410's nine-item definition of a quality school includes:

1. Quality teachers
2. Teacher salaries funded
3. Desks, books, & supplies
4. Practice tests for Kenyan standardized tests
5. Weekly discipleship program, "Discovery Kids"
6. Feeding program
7. Health screenings, de-worming medicine and "Dignity for Girls" programming
8. Clean water
9. Appropriate learning space

When 410 works with a community, the 410 education department interacts with school administrators and



New, completed classroom building for Kahuria Primary School.

community leaders to create sustainable solutions to each of these items. A 410 sponsorship program provides for the first seven items. It provides clean water through another of its service areas.

Creating an appropriate learning space is a one-time event that requires additional funding. In Kahuria, 235 children were crowded in four 'tin box' classrooms built in the 1980s. The tin construction caused the classrooms to be unbearably hot. When it rained, it was nearly impossible for students to hear their teachers. In 2019, 410 began building a three-classroom addition to provide a room for each grade.

All children at the school are also involved in a weekly discipleship program, Discovery Kids, that equips and encourages them to follow Christ and lead others into a relationship with him, through learning about Bible characters.

RATIONALE FOR THE STRATEGY

By working with the community, 410 creates sustainable change regarding access to, and quality of, education for all school-going children. Parents and community members provide a portion of the funding, which creates community ownership. In Kenya, students must meet a minimum requirement on a standardized test to advance from primary school to a better secondary school. Quality education programs have proven to increase test scores, which creates opportunities for more children to advance to better secondary schools.

CURRENT STATUS

The 410 Bridge has partnered with the Kahuria community since 2015. The community leaders of Kahuria identified education improvement as one of their priorities. Beginning in early 2019, the leadership council mobilized parents and community members to initiate the construction. Upon completion, the classrooms were then outfitted with 108 desks and school supplies. Today the community's children are studying and learning in these new classrooms.

PROGRAM IMPACT

Students at Kahuria Primary School (KPS) now have a suitable learning environment that will improve the quality of their education. The new building added capacity for an additional 55 students each year, and should serve the community for the next 30 years. In addition, the school's weekly discipleship program allows children to learn about Jesus and grow in their faith.

OUTPUTS

- 14 The program generated the following outputs in 2019:
- ✓ Built three classrooms
 - ✓ Provided supplies to outfit three classrooms
 - ✓ Provided 120 desks

PRIMARY OUTCOME

- 15 The return generated by this program is expressed in terms of the number of student-years of education in suitable classroom space, provided for by the new classroom infrastructure. The ROI calculation on the following page is based on this outcome.

EXPENSE TRACKING

- 16 410 tracks costs associated with outputs and outcomes.

DONOR REPORTING FREQUENCY

- 17 Quarterly

DONOR ACCESS

- 18 Yes

Return on Investment Calculation

OUTCOME ACHIEVED

In 2019, 410's program, Kahuria, Kenya Quality Education Program, provided suitable classroom space for at least 290 children. Suitable classroom space is defined as one classroom per grade, without overcrowding, with proper desks and supplies, where teachers can walk aisles, monitor student performance, and provide individualized assistance. The lifespan of the three newly-constructed classrooms is estimated as 30 years. Over 30 years, this will result in 8,665 student-years of education in suitable classrooms. This calculation is based on KPS enrollment of 265 children in 2019, 280 in 2020 (an increase in enrollment due to the upgraded building), and 290 in 2021 and thereafter for the next 28 years, when enrollment increases to maximum capacity. It is expected that with the improvements initiated by 410, most students will stay in school until they graduate, and enrollment will remain near maximum capacity.

Outcome	
8,665	student-years in a suitable classroom

DATA COLLECTION METHOD

410 maintains accurate enrollment records for the school and applies projections into the future that are based on experience.

COST OF ACHIEVING THE OUTCOME

The cost to achieve this outcome was \$69,528. The Kahuria, Kenya Quality Education Project is one of 47 community programs in 410's ministry in FY 2019. In that year, 410's total program expenses were \$4,720,025. According to 410, the direct expenses for this program, Kahuria, Kenya Quality Education Program, were \$59,116. Thus, this program accounted for 1.25% of 410's total program expenses. Added to this figure of \$59,116 is 1.25% of FCBH's organizational fundraising, management, and general expenses (\$832,945; 1.25% = \$10,412), to calculate the total cost of \$69,528. The program cost does not include maintenance expenses over 30 years, as the community has committed to cover all maintenance needs going forward. The school's operating costs are also not included, as 410 only covers the construction of improved classroom space. Thus, the cost relates to providing quality education where it was previously hindered by overcrowding and poor learning environment.

Program Cost	
\$69,528	

COST PER OUTCOME

Therefore, the cost per outcome is:

$$\text{\$69,528 program cost} \div \text{8,665 student years} =$$

Calvin Edwards & Company calculated 410's cost per outcome for prior years, although the program changes each year. Previous costs per outcome for comparable programs were: 2018, \$5.13; 2017, \$4.19; 2016, \$4.46.

Cost Per Outcome	
\$8.02	per student-year in a suitable classroom

RETURN ON INVESTMENT

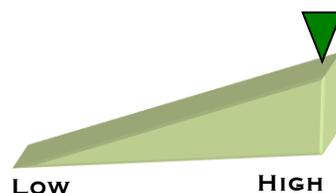
The return on investment of a \$1,000 investment by a donor would be:

$$\text{\$1,000 investment} \div \text{\$8.02}^1 \text{ cost per years in as suitable classroom} =$$

Return on \$1,000 Investment	
125	student-years in a suitable classrooms

CONFIDENCE RATING

CEC's estimated confidence that the ROI calculation is reasonably accurate is:



¹ The exact number used for this calculation was 8.0240.

APPENDIX A

ROI Ministry Standards

ROI Ministry has established 18 standards—13 for the organization and 5 for the program on which “return on investment” is calculated—that it expects its “Top 10” ministries to meet. These standards are strongly recommended, though ROIM recognizes that circumstances may exist where variations are warranted. The organization’s compliance to these standards is shown on pages 2 and 3, by numbered, colored symbols.

STANDARDS FOR THE ORGANIZATION

CHRISTIAN

1. The organization has a statement of faith consistent with historic Christian creeds.
2. The organization subscribes to The Lausanne Covenant of 1974.
3. The organization’s leadership manifests a personal commitment to Jesus Christ and is actively involved in a local church congregation.

GOVERNANCE

4. The organization has an active board of directors with at least five members.
5. The board has no more than two non-independent members, and it has at least four independent members for every one non-independent member. An independent member is one who is not an employee or contractor, has no familial relation to any employee, and has no familial relation to another board member.
6. The board meets at least two times per year and at least one of those meetings is in-person.

FINANCIAL

7. The organization prepares financial statements according to GAAP and complies with FASB standards.
8. Financial statements are provided to the board on a regular schedule.
9. The organization has implemented internal accounting controls to prevent and detect fraud and financial misstatements, including:
 - a. Opening mail and receiving checks, preparation of bank deposits, and recording accounting entries are separated duties performed by different persons or by two persons who monitor each other’s work.
 - b. Reporting any variations from GAAP reporting requirements within financial statements.
 - c. Having financial statements prepared by an accountant without undue influence from management.

TRANSPARENCY

10. The organization makes its financial statements or Form 990 available to the public.
11. The organization responds appropriately to external requests for information.

LEGAL

12. The organization has 501(c)(3) tax-exempt status with the IRS.
13. The organization has existed in its current form for at least three years.

STANDARDS FOR THE PROGRAM

PROGRAM EFFECTIVENESS

14. Outputs for the program are measured and reported to its donors.
15. At least one primary outcome for the program is identified, and possibly some secondary outcomes, and efforts are made to measure or estimate these.
16. Costs associated with program outputs and outcomes are tracked.

REPORTING & ACCESS

17. The organization reports to its donors on the program’s progress and performance at least semi-annually.
18. The organization provides donors access to the program’s operations.

ROI Ministry used the professional services of Calvin Edwards & Company to develop these standards. Ver. 1.4, May 2020.

Principles for Calculating Return on Investment

There is not a well-established, standard method to calculate ROI for nonprofit organizations. When doing so, many issues arise, largely related to calculating the cost of generating outcomes. Calvin Edwards & Company used the principles below in the calculation presented.

1. ROI is calculated on a discrete program of a ministry. In some cases, a program may involve the whole ministry—this is a “single-program ministry.”
2. The metric for the “return” is the primary outcome of the program.
3. A program may also have secondary outcomes or outputs.
4. The secondary outcomes or outputs are also reported numerically, if available. However, the program cost is not split among outcomes; that is, multiple ROI statistics are not calculated.
5. Program costs include all direct and indirect program costs, including non-cash costs such as depreciation of equipment used for the program, amortization of product development costs, etc.
6. Also, all appropriate overhead is included in the program cost:
 - a. Program overhead—sometimes a ministry tracks overhead attributable to a program; if so, it is included
 - b. Ministry overhead—a proportion of the ministry’s overhead that matches program costs as a proportion of total expenses (for a single-program ministry this is 100%)
7. In some rare cases, all overhead is pre-funded by the board or one or more specific donors. In this case, others’ investments do not fund overhead, and it is excluded from the program cost (see point 9 below).
8. All financial numbers are derived from the ministry’s financial statements; if estimates are used, those estimates are based on financial statements.
9. There may be times when the principles stated here cannot or should not be applied; in these cases, the *Statement of ROI* states the variation, reason, and alternate calculation employed.