

FINANCIAL STATEMENTS



CAMFED USA FOUNDATION

**FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2016**

CAMFED USA FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Camfed USA Foundation
San Francisco, California

We have audited the accompanying financial statements of the Camfed USA Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and change 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 the entity'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 Foundation as of December 31, 2017, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Friedman

May 30, 2018

CAMFED USA FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

ASSETS		<u>2017</u>	<u>2016</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	8,862,039	\$ 6,947,408
Grants receivable		1,459,415	1,615,843
Prepayments and other current assets		<u>28,696</u>	<u>40,058</u>
Total current assets		<u>10,350,150</u>	<u>8,603,309</u>
FIXED ASSETS			
Furniture and equipment		12,095	15,281
Less: Accumulated depreciation		<u>(7,706)</u>	<u>(6,435)</u>
Net fixed assets		<u>4,389</u>	<u>8,846</u>
Grants receivable, net of current portion		<u>580,972</u>	<u>1,563,018</u>
TOTAL ASSETS	\$	<u>10,935,511</u>	\$ <u>10,175,173</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	90,941	\$ 76,790
Due to Affiliates		<u>4,269,789</u>	<u>3,955,119</u>
Total current liabilities		<u>4,360,730</u>	<u>4,031,909</u>
NET ASSETS			
Unrestricted		4,454,465	2,779,128
Temporarily restricted		<u>2,120,316</u>	<u>3,364,136</u>
Total net assets		<u>6,574,781</u>	<u>6,143,264</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>10,935,511</u>	\$ <u>10,175,173</u>

CAMFED USA FOUNDATION

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Grants and contributions	\$ 2,789,984	\$ 803,764	\$ 3,593,748	\$ 6,047,139
Government contracts	-	-	-	640,064
In-kind contributions	65,521	-	65,521	605,298
Interest income	19,553	-	19,553	15,856
Other program revenue	134,996	-	134,996	15,610
Net assets released from donor restrictions	<u>2,047,584</u>	<u>(2,047,584)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>5,057,638</u>	<u>(1,243,820)</u>	<u>3,813,818</u>	<u>7,323,967</u>
EXPENSES				
Program Services:				
Multiplying Girls' Educational Opportunities	799,506	-	799,506	2,509,053
Enabling Educated Women to Lead Change	1,351,232	-	1,351,232	592,852
Advocacy	145,402	-	145,402	721,823
Research and Development	<u>328,086</u>	<u>-</u>	<u>328,086</u>	<u>223,375</u>
Total program services	<u>2,624,226</u>	<u>-</u>	<u>2,624,226</u>	<u>4,047,103</u>
Supporting Services:				
Management and General	308,694	-	308,694	269,120
Fundraising	<u>449,381</u>	<u>-</u>	<u>449,381</u>	<u>425,852</u>
Total supporting services	<u>758,075</u>	<u>-</u>	<u>758,075</u>	<u>694,972</u>
Total expenses	<u>3,382,301</u>	<u>-</u>	<u>3,382,301</u>	<u>4,742,075</u>
Change in net assets	1,675,337	(1,243,820)	431,517	2,581,892
Net assets at beginning of year	<u>2,779,128</u>	<u>3,364,136</u>	<u>6,143,264</u>	<u>3,561,372</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,454,465</u>	<u>\$ 2,120,316</u>	<u>\$ 6,574,781</u>	<u>\$ 6,143,264</u>

CAMFED USA FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	2017		
	Program Services		
	Multiplying Girls' Educational Opportunities	Enabling Educated Women to Lead Change	Advocacy
Compensation of current officers, directors, trustees and key employees	\$ 76,090	\$ 44,224	\$ 12,358
Other salaries and wages	55,542	41,692	3,000
Employers share contributions pension	256	553	37
Other employee benefits	20,280	7,500	1,213
Payroll taxes	13,981	5,098	824
Legal fees for services (non-employees)	-	-	-
Other fees for services (non-employees)	8,893	1,247	202
Accounting fees for services (non-employees)	3,066	430	70
Office expenses	21,521	3,019	488
Information technology	8,530	1,196	193
Occupancy	28,733	4,030	652
Travel	5,626	789	128
Conferences, conventions and meetings	313	44	7
Depreciation	2,067	290	47
Insurance	4,888	686	111
Donated airtime	-	-	-
Education costs	547,193	-	-
Young women's leadership costs	-	1,240,080	-
Direct program delivery	-	-	126,015
Miscellaneous expense	2,527	354	57
TOTAL	\$ 799,506	\$ 1,351,232	\$ 145,402

							2016
Supporting Services							
Research and Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses	
\$ 27,977	\$ 160,649	\$ 24,715	\$ 61,788	\$ 86,503	\$ 247,152	\$ 234,452	
46,845	147,079	129,652	179,066	308,718	455,797	412,365	
2,138	2,984	1,192	6,221	7,413	10,397	6,125	
8,578	37,571	16,572	27,979	44,551	82,122	61,537	
5,830	25,733	11,264	19,018	30,282	56,015	50,042	
-	-	15,738	-	15,738	15,738	27,644	
49,427	59,769	13,472	40,923	54,395	114,164	100,409	
492	4,058	23,427	1,605	25,032	29,090	40,114	
3,959	28,987	6,779	44,532	51,311	80,298	98,452	
1,400	11,319	2,700	4,505	7,205	18,524	17,798	
4,609	38,024	8,905	15,035	23,940	61,964	57,466	
8,931	15,474	12,204	12,637	24,841	40,315	14,737	
179	543	1,410	10,161	11,571	12,114	811	
332	2,736	641	1,082	1,723	4,459	4,115	
784	6,469	1,515	2,558	4,073	10,542	10,548	
-	-	-	-	-	-	550,607	
-	547,193	-	-	-	547,193	1,957,913	
-	1,240,080	-	-	-	1,240,080	491,183	
166,200	292,215	37,725	119	37,844	330,059	578,421	
405	3,343	783	22,152	22,935	26,278	27,336	
\$ 328,086	\$ 2,624,226	\$ 308,694	\$ 449,381	\$ 758,075	\$ 3,382,301	\$ 4,742,075	

CAMFED USA FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 431,517	\$ 2,581,892
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,457	4,114
Change in discount for long-term receivables	(17,954)	36,982
Decrease (increase) in:		
Grants receivable	1,156,428	(2,120,536)
Prepayments and other current assets	11,362	(13,989)
Increase (decrease) in:		
Accounts payable and accrued liabilities	14,151	867
Due to Affiliates	<u>314,670</u>	<u>3,369,744</u>
Net cash provided by operating activities	<u>1,914,631</u>	<u>3,859,074</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>-</u>	<u>(9,434)</u>
Net cash used by investing activities	<u>-</u>	<u>(9,434)</u>
Net increase in cash and cash equivalents	1,914,631	3,849,640
Cash and cash equivalents at beginning of year	<u>6,947,408</u>	<u>3,097,768</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,862,039</u>	<u>\$ 6,947,408</u>
SUPPLEMENTAL INFORMATION:		
Donated Securities	<u>\$ 38,051</u>	<u>\$ 162,029</u>

CAMFED USA FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Camfed is a non-governmental organization founded in response to the exclusion of girls from education in Africa. In 1993, Camfed International in the United Kingdom and Camfed Zimbabwe were established, followed by:

- Camfed USA Foundation, established in 2001;
- Camfed Zambia, established in 2002;
- Camfed Tanzania, established in 2006;
- Camfed Ghana, established in 2007; and
- Camfed Malawi, established in 2009.
- Camfed Canada, established in 2017.

Each Affiliate is established under the laws of the country in which it is located and conducts its activities in that country. Consolidation of all Camfed entities is completed and presented in the Camfed International reports.

The accompanying financial statements include the assets, liabilities, net assets, income, gains, expenses and losses of only the Camfed USA Foundation (the Foundation). The Foundation is a charitable non-profit organization, incorporated in the State of Delaware, with Camfed International as its sole member who appoints the Board of Directors of the Foundation. The purposes of the Foundation are:

- To provide financial and other assistance for the education of children and young people throughout the less-developed world;
- To provide financial and other assistance to educational facilities throughout the less-developed world; and
- To advance the education of the general public in subjects relating to the lives of children and young people in the less-developed world and how these are affected by education and the lack thereof.

The Foundation's office is located in San Francisco, California and its activities are substantially supported by public and private grants and contributions.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Cash and cash equivalents -

The Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be 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, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

CAMFED USA FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are listed separately in the Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Foundation's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants receivable -

Grants receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Accounts receivable are recorded at their net realizable value, which approximates fair value. All grants and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

Fixed assets -

Fixed assets in excess of \$500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2017, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Foundation and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

CAMFED USA FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Grants, contracts and contributions -

Unrestricted and temporarily restricted grants and contributions are recorded as revenue in the year notification is received from the donor.

Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Temporarily restricted grants and contributions received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

The Foundation receives funding under grants and contracts from the U.S. Government and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

In-kind contributions -

In-kind contributions consist of donated professional services and donated TV & radio airtime for public service announcements. In-kind contributions are recorded at their fair market value as of the date the services are provided.

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 the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair value measurement -

The Foundation adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

CAMFED USA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

New accounting pronouncements (not yet adopted) -

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the Foundation's financial statements, it is not expected to alter the Foundation's reported financial position.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. Foundation has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Foundation plans to adopt the new ASUs at the respective required implementation dates.

2. GRANTS RECEIVABLE

As of December 31, 2017, contributors to the Foundation have made written promises to give totaling \$2,059,415. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate ranging from 0.91% to 1.08%. Approximately 78% of the grants receivable are promises to give from one private charitable fund. Grants are due as follows at December 31, 2017:

Less than one-year	\$ 1,459,415
One to five years	<u>600,000</u>
Total	2,059,415
Less: Allowance to discount balance to present value	<u>(19,028)</u>
GRANTS RECEIVABLE	<u>\$ 2,040,387</u>

CAMFED USA FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2017:

CAMA Alumnae: Young Women Leading Change	\$ 1,837,650
Bursary and Transition Support - Malawi	147,684
Research and Advocacy	84,770
Bursary Support Malawi	34,043
CAMA Alumnae: Young Women Leading Change - Zambia	11,558
Primary School Support - Tanzania	4,371
Parent Support Groups - Community Initiative Projects	<u>240</u>
	<u>\$ 2,120,316</u>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

CAMA Alumnae: Young Women Leading Change	\$ 1,209,741
CAMA Alumnae: Young Women Leading Change - Zambia	288,442
Research and Advocacy	225,139
Bursary Support Malawi	85,957
Girls Education and Young Women's Empowerment	80,599
Parent Support Groups - Community Initiative Projects	59,761
Bursary and Transition Support - Malawi	52,316
Primary School Support - Tanzania	<u>45,629</u>
	<u>\$ 2,047,584</u>

4. IN-KIND CONTRIBUTIONS

During the year ended December 31, 2017, the Foundation was the beneficiary of donated services which allow the Foundation to provide greater resources towards various programs.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended December 31, 2017.

Legal services	\$ 15,738
Consulting services	10,000
Event expenses	11,293
Other donations	<u>28,490</u>
	<u>\$ 65,521</u>

The following programs have benefited from these donated services:

Multiplying Girls' Educational Opportunities	\$ 30,382
Fundraising	15,898
Management and General	9,416
Research and Development	4,874
Enabling Educated Women to Lead Change	4,262
Advocacy	<u>689</u>
	<u>\$ 65,521</u>

CAMFED USA FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. LEASE COMMITMENTS

On May 31, 2013, the Foundation extended its lease for office space for five years, with a termination date of July 31, 2018. Base rent over the additional five-year period is \$4,600 per month.

The following is a schedule of the future minimum lease payments:

Year Ending December 31, 2018	<u>\$ 32,202</u>
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Occupancy expense for the year ended December 31, 2017 totaled \$61,964.

6. RETIREMENT PLAN

The Foundation provides retirement benefits to its employees through a defined contribution plan. The defined contribution retirement plan is available for eligible employees who have completed six months of service. The Foundation matches contributions up to 6 percent of gross wages.

Contributions to the plan during the year ended December 31, 2017 totaled \$24,387, and are included in "Employers Share Contributions Pension" and "Compensation of current officers, directors, trustees and key employees" in the accompanying Statement of Functional Expenses.

7. AFFILIATES

The Foundation has seven Affiliates, which are noted in Note 1.

Inter-company accounts are used during the year to track payments and receipts of cash by one Affiliate on behalf of another. The balances are eliminated at year-end in the consolidated financial statements that are prepared by Camfed International. The inter-company balances have not been eliminated in the accompanying financial statements. As of December 31, 2017, the Foundation owed the Affiliates \$4,269,789.

Substantially all of the program service expenses of the Foundation are incurred in African countries in which Camfed International operates. Expenses are translated at the rate of exchange in effect at the date that funds are transferred to United Kingdom and African Affiliates during the year. The Statement of Financial Position of the foreign entities are maintained on the books of Camfed International; therefore, gains and/or losses on currency translation for the foreign Affiliates' assets, liabilities and net assets are reported in the financial statements of Camfed International.

8. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 30, 2018, the date the financial statements were issued.