

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION

**FINANCIAL STATEMENTS
DECEMBER 31, 2017
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

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FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION

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DECEMBER 31, 2017**

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Independent Auditor's Report

To the Board of Directors
Foundation for African Medicine and Education
Redding, California

I have audited the accompanying financial statements of the Foundation for African Medicine and Education (a non-profit organization) which comprise the statement of financial position as of December 31, 2017 and the related statement of activities and changes in net assets, cash flows and functional expenses 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 of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion of these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation for African Medicine and Education as of December 31, 2017 and the changes 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.

A handwritten signature in blue ink, appearing to read "John M. White", is written over a horizontal line.

Medford, Massachusetts
November 20, 2018

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Cash	\$	135,615
Money Market Accounts		546,946
Short-term Investments- Other		99,768
Long-term Investments- Other		257,009
Total Assets:	\$	<u><u>1,039,338</u></u>

LIABILITIES

Accounts Payable	\$	<u>4,500</u>
Total Liabilities:		<u>4,500</u>

NET ASSETS

Unrestricted	\$	491,830
Temporarily Restricted		<u>543,008</u>
Total Net Assets	\$	<u><u>1,034,838</u></u>
Total Liabilities and Net Assets:	\$	<u><u>1,039,338</u></u>

The accompanying notes are an integral part of these financial statements.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Contributions	\$ 855,148	\$ 787,435	\$ 1,642,583
Investment Income	8,189		8,189
Satisfaction of Restrictions	556,114	(556,114)	
Total Revenues	\$ 1,419,451	\$ 231,321	\$ 1,650,772
FUNCTIONAL EXPENSES			
Program Services	\$ 1,643,193	\$	\$ 1,643,193
Management and General	11,558		11,558
Fundraising	103,785		103,785
Total Functional Expenses	\$ 1,758,536	\$ -	\$ 1,758,536
CHANGE IN NET ASSETS	(339,085)	231,321	(107,764)
NET ASSETS BEGINNING OF YEAR	830,915	311,687	1,142,602
NET ASSETS END OF YEAR	\$ 491,830	\$ 543,008	\$ 1,034,838

The accompanying notes are an integral part of these financial statements.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$	(107,764)
Net cash provided by (used in) operations activities		(107,764)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds on Sales of Investments		34,514
Redemption of Long-Term Investments		95,273
Net cash provided by (used in) investment activities	\$	129,787

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		22,023
CASH AND CASH EQUIVALENTS, beginning of year		660,538
CASH AND CASH EQUIVALENTS, end of year	\$	682,561

The accompanying notes are an integral part of these financial statements.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services	Management and General	Fundraising	Total
EXPENSES				
Salaries	\$ -	\$ -	\$ 59,375	\$ 59,375
Payroll taxes			4,874	4,874
Employee benefits			4,666	4,666
Volunteer expenses	1,746			1,746
Consultants	33,500	-	-	33,500
Travel	1,026	-	20,422	21,448
Bank Charges	-	1,013	3,507	4,520
Professional fees	-	8,750	-	8,750
Insurance	7,799	1,645	498	9,942
Medical Clinic	1,599,122	-	-	1,599,122
Office Supplies and other Exp.	-	-	10,443	10,443
Taxes and Licenses	-	150	-	150
 Total Expenses	 <u>\$ 1,643,193</u>	 <u>\$ 11,558</u>	 <u>\$ 103,785</u>	 <u>\$ 1,758,536</u>

The accompanying notes are an integral part of these financial statements.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 - Organization

Foundation for African Medicine and Education (the "Organization") is a non-profit corporation that was established in 2002 to fund medical projects and medical education in underserved areas of Africa. Currently the Organization is funding the purchase, development and operation of medical facilities and a teaching center in Karatu, Tanzania, a rural location in Northern Tanzania.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Organization is required to report information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets: Unrestricted net assets represent those assets which the Organization may use at its discretion.

Temporarily Restricted Net Assets: Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets: Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of those assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Fair Value Measurements

The Organization values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2 - Summary of Significant Accounting Policies (continued)

Level 1 - Quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Observable inputs other than Level 1 inputs such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with market data.

Level 3 – Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Fair values of common stocks were derived from quoted market prices in an active exchange market. Fair values of mutual funds were derived from published net asset values.

Basis of Accounting

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, revenues are recognized when received in cash rather than when earned and certain expenses and purchase of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2 - Summary of Significant Accounting Policies (continued)

Short and Long-Term Investments- Other

Certificates of Deposit held for investment that are not debt securities are included in "Investments- Other." Certificates of deposit with original maturities greater than three months and less than one year are classified as "short-term Investments-other". Certificates of Deposit with maturities greater than one year are classified as "long-term Investments-Other"

Revenue, Gains and Support

Grants and contributions are recorded as unrestricted and temporarily restricted support depending on the existence and/or nature of any donor-imposed restrictions. Contributions that classified as temporarily restricted support are reclassified to unrestricted net assets upon satisfaction of the restriction or expiration of the time restriction.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private organization under Section 509(a)(2).

The Organization has evaluated the tax positions taken on returns for open years and those expected to be taken on returns for the year ended December 31, 2017. It is management's belief that such tax positions are more likely than not to be sustained upon examination by tax authorities. Accordingly, no liability for uncertain tax positions has been reflected in these financial statements. Returns for tax years beginning with those filed for the year ended December 31, 2014 are open to examination.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2 - Summary of Significant Accounting Policies (continued)

Donated Services

The Organization receives a significant amount of donated services from members of the Board of Trustees and other interested persons. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaign solicitations and various committee assignments.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires estimating some of the amounts reported. Actual results could differ from the estimates.

Note 3 - Concentrations of Credit Risk

Financial instruments, that potentially subject the Organization to concentrations of credit risk, consist of cash, cash equivalents and investments in marketable securities. The balances of cash and cash equivalents are insured by the Federal Deposit Insurance Corporation up to \$250,000. Investments in marketable securities are subject to market fluctuations.

Note 4 – Related Entities

The Foundation For African Medicine and Education (FAME-USA) works with a separate African Organization, Foundation For African Medicine and Education, Ltd., a nonprofit organization, (FAME-Africa) to accomplish its exempt purpose.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 4 – Related Entities (continued)

During the year 2017, approximately 93% of FAME-USA expenditures were sent to FAME-Africa to accomplish FAME-USA’s exempt purpose of providing funding for the purchase, development and operation of medical facilities and teaching in underserved areas of African.

Two of the board members of FAME-USA are also board members of FAME-Africa.

Note 5 – Restricted Net Assets

Temporarily restricted net assets consist of funds restricted for the general operation of Foundation for African Medicine and Education, Ltd. (FAME-Africa) as of December 31, 2017.

Note 6 - Assets measured at fair value on a recurring basis

The reported values of assets measured at fair value or a recurring basis are categorized as follows at December 31, 2017:

	<u>Fair value measurements at report date using:</u>		
	<u>Total Dec 31, 2017</u>	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash and cash Equivalents	\$ 682,561	\$ 682,561	Significant unobservable inputs (Level 3)
Short-Term Investments-Others	99,768	99,768	
Long-Term Investments-Others	<u>257,009</u>	<u>257,009</u>	
Totals	<u>\$1,039,338</u>	<u>\$1,039,338</u>	

Note 7 – Subsequent Events

The Organization’s management has evaluated the effect which subsequent events may have on these financial statements. Management’s evaluation was completed on November 20, 2018, the date these financial statements became available to be issued. No events have occurred subsequent to the statement of financial position date and through the date of evaluation that meet the criteria required for disclosure or accrual.