

**THE FOUNDATION FOR CANCER CARE IN TANZANIA
EDINA, MINNESOTA**

**FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

THE FOUNDATION FOR CANCER CARE IN TANZANIA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Foundation for Cancer Care in Tanzania
Edina, Minnesota

We have audited the accompanying financial statements of The Foundation for Cancer Care in Tanzania (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes 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 on the previous page present fairly, in all material respects, the financial position of The Foundation for Cancer Care in Tanzania 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.

Report on Summarized Comparative Information

We have previously audited The Foundation for Cancer Care in Tanzania's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 14, 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.

Smith, Schopf and Associates, Ltd.

Minneapolis, Minnesota
September 13, 2018

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THE FOUNDATION FOR CANCER CARE IN TANZANIA

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

ASSETS	2017	2016
Current Assets		
Cash and cash equivalents	\$ 137,647	\$ 60,720
Investments (Note 2)	19,610	1,903
Unconditional promises to give	-	5,000
Prepaid expenses	3,302	6,302
TOTAL ASSETS	\$ 160,559	\$ 73,925
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 36,900	\$ 45,154
Deferred revenues	13,500	-
Total Liabilities	50,400	45,154
Net Assets		
Unrestricted net assets	110,159	23,771
Temporarily restricted net assets (Note 4)	-	5,000
Total Net Assets	110,159	28,771
TOTAL LIABILITIES AND NET ASSETS	\$ 160,559	\$ 73,925

See Notes to Financial Statements

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THE FOUNDATION FOR CANCER CARE IN TANZANIA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Totals	
			2017	2016
Revenue and Support				
Contributions	\$ 294,287	\$ -	\$ 294,287	\$ 370,228
Donated materials and services	16,963	-	16,963	35,592
Exhibitor fees	2,011	-	2,011	2,750
Investment (loss)	(256)	-	(256)	(104)
Net Assets Released from Restriction				
	5,000	(5,000)	-	-
Total Revenue and Support	318,005	(5,000)	313,005	408,466
Functional Expenses				
Program services	141,643	-	141,643	519,492
General and administrative	32,957	-	32,957	44,072
Fundraising	57,017	-	57,017	58,981
Total Functional Expenses	231,617	-	231,617	622,545
Increase (Decrease) in Net Assets	86,388	(5,000)	81,388	(214,079)
NET ASSETS, BEGINNING OF YEAR				
	23,771	5,000	28,771	242,850
NET ASSETS, END OF YEAR				
	\$ 110,159	\$ -	\$ 110,159	\$ 28,771

See Notes to Financial Statements

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THE FOUNDATION FOR CANCER CARE IN TANZANIA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	Program Services	General and Administrative	Fundraising	Totals	
				2017	2016
Fundraising	\$ -	\$ -	\$ 52,004	\$ 52,004	\$ 58,981
KCMC improvements	50,935	-	-	50,935	296,421
Travel	41,655	7,351	-	49,006	34,043
Housing maintenance	20,000	-	-	20,000	20,113
Professional fees	1,783	16,043	-	17,826	23,480
Office expenses	2,865	6,446	5,013	14,324	13,450
Medical supplies	10,112	-	-	10,112	23,168
Symposium	7,991	-	-	7,991	4,755
Contract services	6,287	1,110	-	7,397	5,616
Insurance	-	1,872	-	1,872	2,562
Miscellaneous	15	135	-	150	275
Contributions	-	-	-	-	107,000
Payroll and payroll taxes	-	-	-	-	21,924
Nursing	-	-	-	-	6,117
Tuition	-	-	-	-	4,640
TOTAL FUNCTIONAL EXPENSES	\$ 141,643	\$ 32,957	\$ 57,017	\$ 231,617	\$ 622,545

See Notes to Financial Statements

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THE FOUNDATION FOR CANCER CARE IN TANZANIA

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 81,388	\$ (214,079)
Adjustments to reconcile change in net assets to net cash from operations:		
Investment loss retained in investments	256	104
Contributions made in investments	(22,085)	-
(Increase) decrease in:		
Precious stones held for sale	-	7,300
Unconditional promises to give	5,000	17,005
Prepaid expenses	3,000	-
Increase (decrease) in:		
Accounts payable	(8,254)	45,154
Deferred revenues	13,500	-
Net Cash Provided By (Used In) Operating Activities	<u>72,805</u>	<u>(144,516)</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	<u>4,122</u>	<u>5,971</u>
Net Increase (Decrease) in Cash and Cash Equivalents	76,927	(138,545)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>60,720</u>	<u>199,265</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 137,647</u>	<u>\$ 60,720</u>

See Notes to Financial Statements

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THE FOUNDATION FOR CANCER CARE IN TANZANIA

NOTES TO FINANCIAL STATEMENTS

1. Description of Foundation and Summary of Significant Accounting Policies

Description of Foundation

The Foundation for Cancer Care in Tanzania (the Foundation) is a nonprofit organization. Its mission is to enhance cancer care through education prevention and screening programs, treatment and palliative services to improve the lives of the citizens of Tanzania.

Basis of Presentation

Financial statement presentation follows FASB ASC 958. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets as of December 31, 2017 and 2016.

Basis of Accounting and Revenue and Support Recognition

The Foundation keeps its books on the accrual basis of accounting. All income and expenses are recorded as they are earned or incurred.

Cash and Cash Equivalents

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

Unconditional Promises to Give

Unconditional promises to give are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with donors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Therefore, no valuation allowance is maintained for these unconditional promises to give. Balances that are still outstanding after management has used reasonable collection efforts are written off.

Unconditional promises to give due more than one year from the Foundation's statement of financial position date are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be recorded.

Donated Materials and Services

Donated materials and services are recorded as contributions at their estimated fair value on the date received. The value of the contribution of materials and services is recognized as both revenue and an expense to the Foundation. The Foundation recognized \$16,963 and \$35,592 of donated materials and services for the years ended December 31, 2017 and 2016, respectively.

THE FOUNDATION FOR CANCER CARE IN TANZANIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Description of Foundation and Summary of Significant Accounting Policies (Continued)

Donated Materials and Services (Continued)

The Foundation recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Foundation receives services from a large number of volunteers who give significant amounts of their time to the Foundation's programs and fundraising campaigns but which do not meet the criteria for financial statement recognition.

Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

All other contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As a result, the Foundation doesn't pay federal income tax. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

Management has determined that the Foundation does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

The Foundation's federal informational returns are subject to examination by the IRS, generally for three years after they were filed.

Fair Value of Financial Instruments

The carrying amount for substantially all assets and liabilities approximates fair value due to the immediate or short-term maturity of these financial instruments. See Note 3 for discussion of fair value regarding the Foundation's investments.

THE FOUNDATION FOR CANCER CARE IN TANZANIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Description of Foundation and Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risks

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Foundation keeps its cash with high quality financial institutions. At times, balances maintained at these financial institutions may exceed the federally insured limit. As of December 31, 2017 and 2016, there were no cash balances in excess of the federally insured limit.

Management routinely assesses the financial strength of its donors and as a consequence, believes that the promises to give credit risk exposure is limited.

Functional Allocation of Expenses

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

Use of Estimates

The preparation of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements to conform with the presentation of the 2017 financial statements.

Prior Year Comparative Totals

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.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 13, 2018, the date the financial statements were available to be issued.

THE FOUNDATION FOR CANCER CARE IN TANZANIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Description of Foundation and Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements Issued But Not Yet Effective

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. However, contribution revenue is not included in the scope of the guidance. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The guidance is currently effective for the Foundation for the year ending December 31, 2019. The guidance permits the use of either a retrospective or cumulative effect transition method. The impact of the adoption of this pronouncement has not yet been determined.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment return, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for the Foundation for the year ending December 31, 2018. Entities are required to adopt the guidance retrospectively, but if comparative financial statements are presented, they have the option to omit certain information for any periods presented that are prior to the period of adoption. The impact of the adoption of this pronouncement has not yet been determined.

THE FOUNDATION FOR CANCER CARE IN TANZANIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Investments

Investments, carried at fair value as determined on an open market, as of December 31, 2017 and 2016, consisted of the following:

	2017		2016	
	Cost	Market	Cost	Market
Common stocks	\$ 19,969	\$ 19,610	\$ 1,891	\$ 1,903

3. Fair Value Measurement

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

THE FOUNDATION FOR CANCER CARE IN TANZANIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Fair Value Measurement (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Common stocks: Common stocks are reported at fair value based on the quoted market price of the stock, as reported by the Foundation's brokerage firm.

The methods described above may produce fair values that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table reflects the Foundation's investments within the fair value hierarchy at December 31, 2017:

Description	As of December 31, 2017			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Common stocks	\$ 19,610	\$ 19,610	\$ -	\$ -

The following table reflects the Foundation's investments within the fair value hierarchy at December 31, 2016:

Description	As of December 31, 2016			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Common stocks	\$ 1,903	\$ 1,903	\$ -	\$ -

4. Net Assets

Temporarily restricted net assets of \$5,000 were restricted due to time as of December 31, 2016.

Net assets in the amount of \$5,000 and \$32,983 were released from restriction during the years ended December 31, 2017 and 2016 by meeting the donor's time restriction requirements.
