

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

**FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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 statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 audits. We conducted our audits 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.

To the Board of Directors
The Foundation for Cancer Care in Tanzania
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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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Smith, Schepke and Associates, Ltd.

Minneapolis, Minnesota
November 13, 2020

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THE FOUNDATION FOR CANCER CARE IN TANZANIA

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

ASSETS	2019	2018
Current Assets		
Cash and cash equivalents	\$ 370,935	\$ 341,352
Investments	-	9,088
Prepaid expenses	1,562	1,562
TOTAL ASSETS	\$ 372,497	\$ 352,002
LIABILITIES AND NET ASSETS		
Current Liabilities		
Deferred revenues	\$ -	\$ 5,250
Net Assets		
Without donor restrictions	201,780	220,327
With donor restrictions	170,717	126,425
Total Net Assets	372,497	346,752
TOTAL LIABILITIES AND NET ASSETS	\$ 372,497	\$ 352,002

See Notes to Financial Statements

THE FOUNDATION FOR CANCER CARE IN TANZANIA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and Support			
Contributions	\$ 325,163	\$ 362,500	\$ 687,663
Net investment return	2,144	-	2,144
Net Assets Released from Restriction	318,208	(318,208)	-
Total Revenue and Support	645,515	44,292	689,807
Functional Expenses			
Program services	553,549	-	553,549
General and administrative	37,563	-	37,563
Fundraising	72,950	-	72,950
Total Functional Expenses	664,062	-	664,062
Increase (Decrease) in Net Assets	(18,547)	44,292	25,745
NET ASSETS, BEGINNING OF YEAR	220,327	126,425	346,752
NET ASSETS, END OF YEAR	\$ 201,780	\$ 170,717	\$ 372,497

See Notes to Financial Statements

THE FOUNDATION FOR CANCER CARE IN TANZANIA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and Support			
Contributions	\$ 381,353	\$ 387,500	\$ 768,853
Net investment return	1,453	-	1,453
Net Assets Released from Restriction	261,075	(261,075)	-
Total Revenue and Support	643,881	126,425	770,306
Functional Expenses			
Program services	405,476	-	405,476
General and administrative	49,215	-	49,215
Fundraising	79,022	-	79,022
Total Functional Expenses	533,713	-	533,713
Increase in Net Assets	110,168	126,425	236,593
NET ASSETS, BEGINNING OF YEAR	110,159	-	110,159
NET ASSETS, END OF YEAR	\$ 220,327	\$ 126,425	\$ 346,752

THE FOUNDATION FOR CANCER CARE IN TANZANIA

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Program Services	General and Administrative	Fundraising	Totals
KCMC and related contributions	\$ 529,234	\$ -	\$ -	\$ 529,234
Fundraising events	-	-	41,984	41,984
Contract services	2,052	18,467	20,519	41,038
Travel	22,263	2,783	2,783	27,829
Professional fees	-	9,944	-	9,944
Marketing	-	-	7,664	7,664
Office expenses	-	4,807	-	4,807
Insurance	-	1,562	-	1,562
TOTAL FUNCTIONAL EXPENSES	\$ 553,549	\$ 37,563	\$ 72,950	\$ 664,062

See Notes to Financial Statements

THE FOUNDATION FOR CANCER CARE IN TANZANIA

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program Services	General and Administrative	Fundraising	Totals
KCMC and related contributions	\$ 380,592	\$ -	\$ -	\$ 380,592
Fundraising events	-	-	47,973	47,973
Contract services	2,576	23,185	25,761	51,522
Travel	22,308	2,788	2,788	27,884
Professional fees	-	17,280	-	17,280
Marketing	-	-	2,500	2,500
Office expenses	-	4,660	-	4,660
Insurance	-	1,302	-	1,302
TOTAL FUNCTIONAL EXPENSES	\$ 405,476	\$ 49,215	\$ 79,022	\$ 533,713

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THE FOUNDATION FOR CANCER CARE IN TANZANIA

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Increase in net assets	\$ 25,745	\$ 236,593
Adjustments to reconcile change in net assets to net cash from operations:		
Net investment return retained in investments	-	(1,453)
Contributions made to investments	-	(37,519)
(Increase) decrease in:		
Prepaid expenses	-	1,740
Increase (decrease) in:		
Accounts payable	-	(36,900)
Deferred revenues	<u>(5,250)</u>	<u>(8,250)</u>
Net Cash Provided By Operating Activities	<u>20,495</u>	154,211
Cash Flows From Investing Activities		
Proceeds from sale of investments	<u>9,088</u>	52,000
Net Increase in Cash and Cash Equivalents	29,583	206,211
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>341,352</u>	135,141
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 370,935</u></u>	<u>\$ 341,352</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.

Change in Accounting Principles

During 2018, the Foundation adopted FASB Accounting Standards Update (ASU) No. 2016-14, Not-For-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented with the exception of the statement of functional expenses. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities, based on the existence or absence of imposed restrictions as either:

Net Assets Without Restrictions – Net assets available for use in general operations and not subject to restrictions.

Net Assets With Donor Restrictions – Net assets subject to imposed restrictions. Some imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified. Other imposed restrictions are perpetual in nature, where the restriction stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

During 2019, the Foundation also adopted FASB Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This standard aims to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not for profit organizations. The standard defines characterizations of grants as reciprocal exchanges or contributions by determining if the resource provider is receiving value in return for the resources transferred to the not for profit organization.

THE FOUNDATION FOR CANCER CARE IN TANZANIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Change in Accounting Principles (Continued)

ASU 2018-08 also requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and the right of return of assets transferred or release of a promisor's obligation to transfer assets. The Foundation used the modified prospective transition method and, accordingly, the accounting change has not been retrospectively applied. The Foundation does not expect the adoption of the new standard to have a material impact on its operations on an ongoing basis, nor did it result in a material change in the current year financial statements.

Basis of Accounting and Revenue and Support Recognition

The Foundation keeps its books on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). 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.

Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is nonreciprocal, does not contain a barrier that must be overcome, and there is no right of return of assets transferred or release of a promisor's obligation to transfer assets present.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

All other contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions 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), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

THE FOUNDATION FOR CANCER CARE IN TANZANIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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.

Marketing Costs

The Organization expenses marketing costs as they are incurred. Marketing expense was \$7,664 and \$2,500 for the years ended December 31, 2019 and 2018, respectively.

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 4 for discussion of fair value regarding the Foundation's investments.

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, 2019 and 2018, there were cash balances in excess of the federally insured limit of approximately \$121,000 and \$95,000, respectively.

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.

THE FOUNDATION FOR CANCER CARE IN TANZANIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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.

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, 2020. 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.

2. Liquidity and Availability

Financial assets as of December 31, 2019 and 2018, available for general expenditure within one year of the statement of financial position date consisted of cash and cash equivalents of \$370,935 and \$352,002, respectively. These amounts include financial assets available and estimated to be released for program activities within one year of the statement of financial position date.

As a part of the Foundation's liquidity management plan, financial assets are structured to be available as general expenditures, liabilities, and other obligations come due. None of the financial assets are subject to contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

THE FOUNDATION FOR CANCER CARE IN TANZANIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Investments

Investments, carried at fair value as determined on an open market, as of December 31, 2019 and 2018, consisted of the following:

	2019		2018	
	Cost	Market	Cost	Market
Common stocks	\$ -	\$ -	\$ 2,416	\$ 6,105
Mutual funds	-	-	581	1,871
Cash	-	-	1,112	1,112
Total	\$ -	\$ -	\$ 4,109	\$ 9,088

4. 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 FOUNDATION FOR CANCER CARE IN TANZANIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Fair Value Measurement (Continued)

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 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, 2019 and 2018.

Sweep accounts: Sweep accounts are reported at carrying value which equals fair value due to the immediate availability of amounts held in such accounts.

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.

Mutual funds: Mutual funds are reported at the fair value based on the quoted market price of the fund, 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, 2018:

Description	As of December 31, 2018			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Common stocks	\$ 6,105	\$ 6,105	\$ -	\$ -
Mutual funds	1,871	1,871	-	-
Cash	1,112	1,112	-	-
Total	<u>\$ 9,088</u>	<u>\$ 9,088</u>	<u>\$ -</u>	<u>\$ -</u>

THE FOUNDATION FOR CANCER CARE IN TANZANIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Net Assets

Net assets with donor restrictions totaled \$170,717 and \$126,425 for the years ended December 31, 2019 and 2018, respectively.

Net assets in the amount of \$318,208 and \$261,075 were released from restriction during the years ended December 31, 2019 and 2018 by meeting the donor's purpose restriction requirements.

6. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 13, 2020, the date the financial statements were available to be issued. Subsequent to year end, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a pandemic. The extent and duration of the impact of COVID-19 on the Association's operations and financial performance depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Foundation's business.