

GLOBAL CAMPS AFRICA, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2017

GLOBAL CAMPS AFRICA, INC.

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BECK & COMPANY
Certified Public Accountants, P.C.

INDEPENDENT AUDITOR'S REPORT

To: Board of Directors
Global Camps Africa, Inc.
Reston, Virginia

We have audited the accompanying financial statements of Global Camps Africa, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, 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

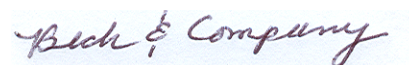
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Global Camps Africa, Inc. 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.



Herndon, Virginia
July 31, 2018

GLOBAL CAMPS AFRICA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

| | |
|--------------------------------|-------------------|
| Cash and cash equivalents | \$ 175,016 |
| Unconditional promises to give | 80,000 |
| Prepaid expenses | 40,776 |
| Property and equipment, net | 487 |
| Investments | <u>3,649</u> |
| TOTAL ASSETS | <u>\$ 299,928</u> |

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|--|----------------|
| Accounts payable and accrued liabilities | \$ 36,453 |
| Notes payable | <u>65,925</u> |
| TOTAL LIABILITIES | <u>102,378</u> |

NET ASSETS

| | |
|-----------------------------------|-------------------|
| Unrestricted net assets | 196,490 |
| Temporarily restricted net assets | <u>1,060</u> |
| TOTAL NET ASSETS | <u>197,550</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 299,928</u> |

See accompanying notes and independent auditor's report

GLOBAL CAMPS AFRICA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--------------------------------------|---------------------|-----------------------------------|-------------------|
| REVENUE | | | |
| Contributions | \$ 591,142 | \$ - | \$ 591,142 |
| Investment return | 357 | - | 357 |
| In kind contributions | 85,265 | - | 85,265 |
| Program income | <u>4,434</u> | <u>-</u> | <u>4,434</u> |
| TOTAL REVENUE | <u>681,198</u> | <u>-</u> | <u>681,198</u> |
| EXPENSES | | | |
| Program services | | | |
| Camp | 296,451 | 15,500 | 311,951 |
| Kids Clubs | <u>140,211</u> | <u>-</u> | <u>140,211</u> |
| Total program services | <u>436,662</u> | <u>15,500</u> | <u>452,162</u> |
| Supporting services | | | |
| Management and general | 36,723 | - | 36,723 |
| Fundraising | <u>82,486</u> | <u>-</u> | <u>82,486</u> |
| Total supporting services | <u>119,209</u> | <u>-</u> | <u>119,209</u> |
| TOTAL EXPENSES | <u>555,871</u> | <u>15,500</u> | <u>571,371</u> |
| CHANGE IN NET ASSETS | 125,327 | (15,500) | 109,827 |
| NET ASSETS, December 31, 2016 | 71,163 | 16,560 | 87,723 |
| NET ASSETS, December 31, 2017 | <u>\$ 196,490</u> | <u>\$ 1,060</u> | <u>\$ 197,550</u> |

See accompanying notes and independent auditor's report

GLOBAL CAMPS AFRICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Camp | Kids Clubs | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total Expenses |
|--------------------------|-------------------|-------------------|------------------------------|---------------------------|------------------|---------------------------------|-------------------|
| Camp operations | \$ 93,087 | \$ 86,740 | \$ 179,827 | \$ - | \$ 2 | \$ 2 | \$ 179,829 |
| Salary | 71,312 | 31,907 | 103,219 | 15,710 | 7,725 | 23,435 | 126,654 |
| Supplies | 87,880 | 2,070 | 89,950 | 383 | 347 | 730 | 90,680 |
| Conferences and meetings | 3,051 | 1,047 | 4,098 | 378 | 48,024 | 48,402 | 52,500 |
| Travel | 18,755 | 10,492 | 29,247 | - | 2,080 | 2,080 | 31,327 |
| Outside services | 9,856 | 131 | 9,987 | 98 | 6,495 | 6,593 | 16,580 |
| Other costs | 7,106 | 1,311 | 8,417 | 3,672 | 5,648 | 9,320 | 17,737 |
| Occupancy and rent | 9,427 | 3,371 | 12,798 | 1,211 | 807 | 2,018 | 14,816 |
| Payroll taxes | 4,873 | 1,949 | 6,822 | 1,462 | 1,462 | 2,924 | 9,746 |
| Marketing | - | - | - | - | 6,175 | 6,175 | 6,175 |
| Bank charges | 388 | - | 388 | 2,607 | 2,345 | 4,952 | 5,340 |
| Accounting | 2,775 | - | 2,775 | 6,175 | - | 6,175 | 8,950 |
| Information technology | 2,639 | 718 | 3,357 | 1,028 | 329 | 1,357 | 4,714 |
| Interest expense | - | - | - | 2,272 | - | 2,272 | 2,272 |
| Insurance | - | - | - | 1,661 | - | 1,661 | 1,661 |
| Postage and shipping | 13 | - | 13 | 3 | 1,006 | 1,009 | 1,022 |
| Printing | 475 | 475 | 950 | - | - | - | 950 |
| Depreciation | 314 | - | 314 | 63 | 41 | 104 | 418 |
| Total expenses | <u>\$ 311,951</u> | <u>\$ 140,211</u> | <u>\$ 452,162</u> | <u>\$ 36,723</u> | <u>\$ 82,486</u> | <u>\$ 119,209</u> | <u>\$ 571,371</u> |

See accompanying notes and independent auditor's report

GLOBAL CAMPS AFRICA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net assets \$ 109,827

Adjustments to reconcile increase in net assets to net cash provided by operating activities:

| | |
|---|---------------|
| Depreciation | 418 |
| Net realized and unrealized (gains) losses on investments | (347) |
| (Increase) decrease in operating assets: | |
| Accounts receivable | 5,500 |
| Prepaid expenses | (34,203) |
| Unconditional promises to give | (70,000) |
| Increase (decrease) in operating liabilities: | |
| Accounts payable and accrued liabilities | 6,315 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>17,510</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|------------|
| Proceeds from sale of securities | 670 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>670</u> |

NET INCREASE IN CASH 18,180

CASH BALANCE, BEGINNING OF YEAR 156,836

CASH BALANCE, END OF YEAR \$ 175,016

SUPPLEMENTAL DISCLOSURES:

| | |
|-------------------|----------|
| Interest paid | \$ 2,272 |
| Income taxes paid | \$ - |

See accompanying notes and independent auditor's report

GLOBAL CAMPS AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 1. Nature of the Organization

Global Camps Africa, Inc. (the Organization) was organized for the purpose of operating residential camps for children affected by HIV/AIDS and to provide the children with recreational and social skills to enable them to interact successfully with their peers. The Organization also teaches the participants life skills so that they are better able to meet challenges and crises presented by death, poverty, and illness.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements are prepared using the accrual method of accounting, in accordance with U. S. generally accepted accounting principles.

Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent 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.

Cash and Cash Equivalents:

The Organization considers cash on hand, deposits in banks, and all unrestricted highly liquid investments with an initial maturity of three months or less to be cash.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment:

Property and equipment are recorded at cost, or if donated, such assets are capitalized at the estimated fair market value at the date of receipt. Depreciation is computed under the straight-line method over the estimated useful lives of the assets.

GLOBAL CAMPS AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 2, continued

Classes of Net Assets:

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

Unrestricted net assets are net assets without a donor imposed time and/or program restriction. The funds are available to the Organization to maintain its operations.

Temporarily restricted net assets are contributions with donor imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received.

Permanently restricted net assets must be maintained by the Organization in perpetuity. There were no permanently restricted net assets as of December 31, 2017.

Revenue Recognition:

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Unconditional promises to give are presumed to be time-restricted by the donor until received and are reported as temporarily restricted net assets.

Contributions are recorded at fair value, which is net of estimated uncollectible amounts. The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

The Organization receives grant funding from various government agencies and private foundations. Revenue is recognized only to the extent of expenditures under the terms of the grants. Grant awards not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant. Excess expenses incurred are borne by the Organization. Unexpended funds are returned to the grantors if required by the grant agreement.

All other revenues are recognized when earned.

GLOBAL CAMPS AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 2, concluded

In-Kind Donations:

In-kind donations of assets, goods, and services recorded as contributions totaled \$85,265 in 2017.

The Organization also receives significant volunteer services other than professional services. These contributions are not recorded.

Concentrations of Credit Risk:

A significant portion of the Organization's revenue is derived from program contracts and grants. Certain programs of the Organization are dependent on the ability to obtain these grants in the future.

Fair Value of Measurements:

The fair value of the Organization's cash and cash equivalents and accounts payable and accrued liabilities approximates their carrying amounts due to the relatively short maturity of these items.

Income Tax Status:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), except for income from activities not related to its tax-exempt purpose. No provision for income taxes was recorded during the year ended December 31, 2017 since the Organization had no significant unrelated business income. The Organization is not a private foundation pursuant to section 509(a)(1) of the IRC.

In accordance with authoritative guidance on accounting for uncertainty in income taxes issued by the FASB, the Organization recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Organization is generally no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years ended December 31, 2014 and prior.

GLOBAL CAMPS AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 3. Investments

Investments, which are composed of marketable securities, are carried at fair value. The following table summarizes the investments as of December 31, 2017:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation (Depreciation)</u> |
|------------------------------------|-----------------|-------------------|---|
| Unrestricted Marketable Securities | <u>\$ 2,975</u> | <u>\$ 3,649</u> | <u>\$ 674</u> |

Investment return is summarized as follows:

| | <u>Unrestricted</u> |
|--|---------------------|
| Interest and dividend income | \$ 10 |
| Net realized and unrealized gains and losses | <u>347</u> |
| Total investment return | <u>\$ 357</u> |

Note 4. Property and Equipment

The balance of property and equipment at December 31, 2017 is comprised of the following:

| | |
|--------------------------------|----------------|
| Computers and office equipment | \$ 3,230 |
| Less accumulated depreciation | <u>(2,743)</u> |
| Property and equipment, net | <u>\$ 487</u> |

Depreciation expense for the year ended December 31, 2017 was \$418.

Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by time elapsing on the restrictions.

Changes in temporarily restricted net assets are as follows:

| | <u>Balance December 31, 2016</u> | <u>Gifts and Grants</u> | <u>Transfers/Releases</u> | <u>Balance December 31, 2017</u> |
|----------------------|----------------------------------|-------------------------|---------------------------|----------------------------------|
| Microfinance Program | \$ 12,583 | \$ - | \$ (11,523) | \$ 1,060 |
| Capital Campaign | <u>3,977</u> | <u>-</u> | <u>(3,977)</u> | <u>-</u> |
| Total | <u>\$ 16,560</u> | <u>\$ -</u> | <u>\$ (15,500)</u> | <u>\$ 1,060</u> |

Note 6. Functional Allocation of Expenses

The costs of providing the various programs and 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.

GLOBAL CAMPS AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 7. Related Party Transactions

Between 2004 and 2010, the Organization's Founder and President, Philip Lilienthal, made loans to the Organization which are classified on the statement of financial position as notes payable. The notes are payable on demand and accrue interest at 5% per annum. The total amount of principal plus accrued interest outstanding as of December 31, 2017 was \$65,925. Interest accrued on the loans in 2017 was \$2,141.

The Organization has contracted with Camp Sizanani Life Skills (PNC) to manage camp operations in South Africa. The President of the Organization is a Director of Camp Sizanani Life Skills (PNC). During 2017, \$202,220 was paid to Camp Sizanani Life Skills (PNC) for the management of camp operations.

Note 8. Operating Leases

The Organization rents office space in Reston, Virginia on a month-to-month basis. Rent expense under this arrangement for the year ended December 31, 2017 was \$8,073.

Note 9. Credit Cards

The Organization has a credit card with a credit limit of \$28,000. As of December 31, 2017, the outstanding balance was \$11,450.

Note 10. Evaluation of Subsequent Events

Subsequent events are events or transactions that take place after the reporting period for the statement of financial position. Certain of these events or transactions, recognized subsequent events provide additional evidence about conditions and estimates that existed at the date of the statement of financial position and retroactively revise those amounts reflected in the financial statements. Other subsequent events, not recognized subsequent events, did not exist at the date of the statement of financial position but arose after that date and are reported as additional disclosures in the notes to the financial statements. Management evaluates all significant subsequent events from the statement of financial position date through the date the financial statements are available to be issued.

The Organization has evaluated subsequent events through July 31, 2018, the date the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure in the financial statements.

GLOBAL CAMPS AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 11. Fair Value of Financial Instruments

The fair value hierarchy consists of three broad levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets that the Organization had access to at the measurement date and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs are unobservable inputs for the asset and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

Financial Instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

- Short-term investments: The fair values of investments are based on quoted market prices for those investments.

Fair Value Measurements

The following table presents the Organization's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

| Fair Value Measurements at Reporting Date Using | | |
|---|------------|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) |
| Short-term investments | \$ 3,649 | \$ 3,649 |