

**AMREF HEALTH AFRICA, INC.  
(UNITED STATES)**

***FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

**SEPTEMBER 30, 2015**

**AMREF HEALTH AFRICA, INC.  
(UNITED STATES)**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**Board of Directors**  
**AMREF Health Africa**  
**(United States)**  
**New York, New York**

We have audited the accompanying financial statements of AMREF Health Africa (United States) (“*AMREF*”), formerly known as African Medical & Research Foundation, Inc. (United States), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses and changes in net assets, and of 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 of material misstatement.

An audit includes 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 of our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMREF Health Africa (United States) as of September 30, 2015 and 2014, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania**  
**May 19, 2016**

**AMREF HEALTH AFRICA, INC.  
(UNITED STATES)**

**STATEMENTS OF FINANCIAL POSITION**

**September 30, 2015 And 2014**

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	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 689,790	\$ 155,618
Investments ( <i>Note 2</i> )	1,905,819	2,227,687
Grants receivable		
U.S. Government	268,869	774,097
Other	398,487	217,350
Prepaid expenses and other assets	40,036	17,428
Furniture and equipment, net of accumulated depreciation of \$136,141 and \$130,279	4,226	10,088
Security deposits	<u>13,414</u>	<u>13,414</u>
<b>Total assets</b>	<b><u>\$ 3,320,641</u></b>	<b><u>\$ 3,415,682</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 32,356	\$ 73,181
Due to AMREF/Kenya	<u>836,126</u>	<u>1,245,068</u>
<b>Total liabilities</b>	<b><u>868,482</u></b>	<b><u>1,318,249</u></b>
<b>Net Assets</b>		
Unrestricted	2,153,223	2,097,433
Temporarily restricted ( <i>Note 4</i> )	<u>298,936</u>	<u>-</u>
<b>Total net assets</b>	<b><u>2,452,159</u></b>	<b><u>2,097,433</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 3,237,609</u></b>	<b><u>\$ 3,415,682</u></b>

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Years Ended September 30, 2015 With Summarized Information For 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>	<u>2014</u>
<b>Support and Revenues</b>				
Federal awards	\$2,646,100	\$ -	\$2,646,100	\$2,984,774
Foundations, corporate grants and individual donations	3,511,429	400,000	3,911,429	1,878,005
Other income	13,336	-	13,336	2,199
Investment income (loss)	(37,963)	-	(37,963)	61,205
Released from restriction ( <i>Note 4</i> )	<u>101,064</u>	<u>(101,064)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenues</b>	<u>6,233,966</u>	<u>298,936</u>	<u>6,532,902</u>	<u>4,926,183</u>
<b>Expenses</b>				
<b>Program Services</b>				
Health training, education and primary care	2,263,541	-	2,263,541	1,265,993
Clinical services	1,591,987	-	1,591,987	1,445,119
Evaluation and operations research	<u>884,477</u>	<u>-</u>	<u>884,477</u>	<u>1,193,789</u>
<b>Total program services</b>	<u>4,740,005</u>	<u>-</u>	<u>4,740,005</u>	<u>3,904,901</u>
<b>Supporting Services</b>				
Management and general	424,630	-	424,630	548,047
Fund raising	<u>1,013,541</u>	<u>-</u>	<u>1,013,541</u>	<u>834,167</u>
<b>Total supporting services</b>	<u>1,438,171</u>	<u>-</u>	<u>1,438,171</u>	<u>1,382,214</u>
<b>Total expenses</b>	<u>6,178,176</u>	<u>-</u>	<u>6,178,176</u>	<u>5,287,115</u>
<b>Increase (decrease) net assets</b>	55,790	298,936	354,726	(360,932)
<b>Net Assets</b>				
Beginning	<u>2,097,433</u>	<u>-</u>	<u>2,097,433</u>	<u>2,458,365</u>
End	<u>\$2,153,223</u>	<u>\$ 298,936</u>	<u>\$2,452,159</u>	<u>\$2,097,433</u>

**AMREF HEALTH AFRICA, INC.  
(UNITED STATES)**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended September 30, 2015 With Summarized Information For 2014**

	<u>Program Services</u>				<u>Supporting Services</u>		<u>Totals</u>	
	<u>Health Training, Education And Training</u>	<u>Clinical Services</u>	<u>Educational And Operations Research</u>	<u>Total</u>	<u>Management And General</u>	<u>Fund Raising</u>	<u>2015</u>	<u>2014</u>
<b>Grants:</b>								
Awards to AMREF-Kenya	\$ 2,224,672	\$ 1,556,999	\$ 812,579	\$ 4,594,250	\$ -	\$ -	\$ 4,594,250	\$ 3,556,408
<b>Other Expenses:</b>								
Salaries, payroll taxes and related benefits	30,279	29,054	59,749	119,082	281,865	618,069	1,019,016	1,048,247
Professional fees and services	-	-	-	-	22,500	-	22,500	20,750
Consultants	-	-	-	-	-	53,078	53,078	108,595
Travel	1,761	1,690	3,475	6,926	16,396	35,952	59,274	78,495
Memberships and registration fees	-	-	-	-	30,930	-	30,930	22,704
Occupancy	2,893	2,776	5,708	11,377	26,927	59,046	97,350	93,976
Insurance	287	275	566	1,128	2,670	5,854	9,652	8,252
Telecommunications	-	-	-	-	10,542	-	10,542	5,544
Postage and shipping	-	-	-	-	863	-	863	3,088
Direct mail	-	-	-	-	-	201,740	201,740	171,919
Equipment maintenance	361	346	712	1,419	3,357	7,362	12,138	6,299
Public relations	-	-	-	-	-	5,108	5,108	8,837
Recruitment	-	-	-	-	-	-	-	66,609
Special events	-	-	-	-	-	1,374	1,374	23,260
Miscellaneous	3,114	680	1,344	5,138	26,958	22,403	54,499	56,889
<b>Total expenses before depreciation and amortization</b>	<b>2,263,367</b>	<b>1,591,820</b>	<b>884,133</b>	<b>4,739,320</b>	<b>423,008</b>	<b>1,009,986</b>	<b>6,172,314</b>	<b>5,279,872</b>
<b>Depreciation and Amortization</b>	<b>174</b>	<b>167</b>	<b>344</b>	<b>685</b>	<b>1,622</b>	<b>3,555</b>	<b>5,862</b>	<b>7,243</b>
<b>Total Expenses – 2015</b>	<b>\$ 2,263,541</b>	<b>\$ 1,591,987</b>	<b>\$ 884,477</b>	<b>\$ 4,740,005</b>	<b>\$ 424,630</b>	<b>\$ 1,013,541</b>	<b>\$ 6,178,176</b>	
<b>Total Expenses – 2014</b>	<b>\$ 1,265,993</b>	<b>\$ 1,445,119</b>	<b>\$ 1,193,789</b>	<b>\$ 3,904,901</b>	<b>\$ 548,047</b>	<b>\$ 834,167</b>		<b>\$ 5,287,115</b>

*See accompanying notes to financial statements.*

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

**STATEMENTS OF CASH FLOWS**

**For The Years Ended September 30, 2015 And 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Increase (decrease) in net assets</i>	\$ 354,726	\$ (360,932)
<i>Adjustments to reconcile increase in net assets to net cash used for operating activities</i>		
Depreciation	5,862	7,243
Realized/unrealized (gains) losses on investments	56,050	(35,715)
(Increase) decrease in		
Grants receivable		
U.S. Government	505,228	338,083
Other	(181,137)	(16,267)
Prepaid expenses and other assets	(22,608)	(7,622)
(Decrease) increase in		
Accounts payable	(40,825)	42,222
Due to AMREF/Kenya	<u>(408,942)</u>	<u>(121,143)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>268,354</u>	<u>(154,131)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(54,364)	(1,052,685)
Proceeds from sale of investments	320,182	1,240,068
Purchase of equipment	<u>-</u>	<u>(7,604)</u>
<b>Net cash provided by investing activities</b>	<u>265,818</u>	<u>179,779</u>
<b>Net increase in cash</b>	534,172	25,648
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>155,618</u>	<u>129,970</u>
<b>End of year</b>	<u>\$ 689,790</u>	<u>\$ 155,618</u>

**AMREF HEALTH AFRICA, INC.  
(UNITED STATES)**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2015 And 2014**

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**(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***ORGANIZATION***

AMREF Health Africa (United States) (“*AMREF*”), formerly known as African Medical & Research Foundation, Inc. (United States), is a non-profit organization chartered by the State of New York in 1957 and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. AMREF supports a variety of health programs in Eastern and Southern Africa. Programs include: health training, education, primary care, clinical services, evaluation and operations research. AMREF provides financial support to its affiliate, AMREF Health Africa (Kenya), for use in its programs.

***ACCOUNTING 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 reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***CONCENTRATION OF CREDIT RISK***

AMREF occasionally maintains deposits in financial institutions in excess of federally insured limits. Accounting Standards Codification (“*ASC*”) 825, “*Financial Instruments*”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

***CASH AND CASH EQUIVALENTS***

AMREF considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

***INVESTMENTS***

Investments in debt and equity securities with readily determinable fair market values are reported at fair market values with realized and unrealized gains and losses included in the statement of activities.

***FIXED ASSETS***

Fixed assets are recorded at cost. Major additions and improvements are capitalized, while maintenance and repairs are expensed when incurred. AMREF provides depreciation on furniture, fixtures and equipment by the straight-line method at rates calculated using the estimated useful lives of the respective depreciable assets, generally three to five years.

***U.S. GOVERNMENT GRANTS***

AMREF receives grant awards from the U.S. Government under various contracts. AMREF records revenues under these contracts as expenses are incurred. Funds received in advance of expenses incurred are reported as deferred revenue.



**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**September 30, 2015 And 2014**

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***CONTRIBUTIONS***

Contributions, including promises to give, are recorded as support when received. AMREF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Restricted contributions have been reported as unrestricted contributions since the restrictions have been fulfilled in the same period in which the contribution is received.

***NET ASSETS***

AMREF's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of AMREF and changes therein are classified and reported as follows:

- **Unrestricted:** Unrestricted net assets include the net assets that are associated with the principal mission of the AMREF.
- **Temporarily Restricted:** Temporarily restricted net assets include gifts for which donor-imposed restrictions have not been met.

***INCOME TAX STATUS***

AMREF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "*Code*"), and has been classified as an organization, which is not a private foundation under Section 509(a) of the Code.

Management has reviewed the tax positions for each of the open tax years (2012 – 2014) or expected to be taken in the AMREF's 2015 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

***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. Accordingly, certain costs have been allocated among the programs and supporting services that derived a benefit. Such allocations are determined by management in accordance with grant provisions or other reasonable basis.

***PRIOR YEAR INFORMATION***

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the AMREF's audited financial statements for the year ended September 30, 2014, from which the summarized information was derived.

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**September 30, 2015 And 2014**

**(2) INVESTMENTS**

The following is a summary of AMREF's investments at September 30, 2015 and 2014:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money Market Funds	\$ 3,431	\$ 3,431	\$ 1,271,029	\$ 1,271,029
Certificates of Deposits	1,300,000	1,303,149	250,000	250,197
Corporate Stocks	-	-	2,510	2,440
Mutual Funds				
Equity	444,483	429,556	482,140	537,059
Bond	<u>170,685</u>	<u>169,683</u>	<u>167,017</u>	<u>166,962</u>
<b>Total</b>	<u>\$ 1,918,599</u>	<u>\$ 1,905,819</u>	<u>\$ 2,172,696</u>	<u>\$ 2,227,687</u>

At September 30, 2015 and 2014, unrealized gains (losses) consisted of \$(12,780) and \$54,991, respectively.

The following summarizes the investment return for the years ended September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest income	\$ 18,087	\$ 25,490
Realized gains (losses)	11,721	(75)
Unrealized gains (losses)	<u>(67,771)</u>	<u>35,790</u>
Total investment income – investments	<u>\$ 37,963</u>	<u>\$ 61,205</u>

AMREF utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the AMREF has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an active market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the AMREF's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

September 30, 2015 And 2014

The summary of inputs used to value the AMREF's investments as of September 30, 2015 and 2014 are as follows:

	2015			
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
<b>Investments</b>				
Money Market Funds	\$ 3,431	\$ 3,431	\$ -	\$ -
Certificate of Deposit	1,303,149	-	1,303,149	-
Mutual Funds				
Equity	429,556	429,556	-	-
Bond	<u>169,683</u>	<u>169,683</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,905,819</u>	<u>\$ 602,670</u>	<u>\$ 1,303,149</u>	<u>\$ -</u>
	2014			
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
<b>Investments</b>				
Money Market Funds	\$ 1,271,029	\$ 1,271,029	\$ -	\$ -
Certificate of Deposit	250,197	-	250,197	-
Corporate Stocks	2,440	2,440	-	-
Mutual Funds				
Equity	537,059	537,059	-	-
Bond	<u>166,962</u>	<u>166,962</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,227,687</u>	<u>\$ 1,977,490</u>	<u>\$ 250,197</u>	<u>\$ -</u>

There were no transfers between Level 1 and 2 during the year ended September 30, 2015 and 2014.

**(3) PENSION PLAN**

AMREF has a plan qualified under Section 403(b) that covers all eligible employees. Contributions to the plan are made at the discretion of the Board of Directors and are limited to 7% of the employee's annual salary.

During the years ended September 30, 2015 and 2014, AMREF made contributions of \$24,268 and \$40,464, respectively.

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**September 30, 2015 And 2014**

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**(4) NET ASSETS**

Temporarily restricted net assets were subject to the following restrictions as of September 30, 2015:

Ebola Project – Guinea	<u>\$298,936</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes in the amount of \$101,064 for the year ended September 30, 2015.

**(5) COMMITMENTS AND CONTINGENCIES**

***LEASE COMMITMENTS***

AMREF leases office space for its New York office under a noncancellable lease ending in December 2016. Total rent expense for 2015 and 2014 was approximately \$90,600 and \$86,500, respectively.

Future minimum rental commitments under this lease are as follows:

2016	\$ 93,900
2017	<u>24,200</u>
	<u>\$118,100</u>

**(6) SUBSEQUENT EVENTS**

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, May 19, 2016, have been evaluated in the preparation of the financial statements.