

Children of Uganda

FINANCIAL STATEMENTS

December 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Directors
Children of Uganda

We have audited the accompanying financial statements of Children of Uganda (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 above present fairly, in all material respects, the financial position of Children of Uganda 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.

Other Matter

The financial statements for Children of Uganda for the year ended December 31, 2016 were audited by other auditors whose report thereon, dated November 17, 2017, expressed an unmodified opinion.

Decker & Company PLLC

November 8, 2018

Children of Uganda
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Cash	\$ 66,484	\$ 56,528
Pledges receivable (net of allowance for doubtful accounts of \$26,581 and \$37,544, respectively)	61,123	76,015
Property and equipment, net of accumulated depreciation	<u>501</u>	<u>716</u>
Total Assets	<u>\$ 128,108</u>	<u>\$ 133,259</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 25,542	\$ 17,226
Accrued payroll and related liabilities	<u>12,114</u>	<u>7,609</u>
Total liabilities	<u>37,656</u>	<u>24,835</u>
Net Assets		
Unrestricted	89,948	107,920
Temporarily restricted	<u>504</u>	<u>504</u>
Total net assets	<u>90,452</u>	<u>108,424</u>
Total Liabilities and Net Assets	<u>\$ 128,108</u>	<u>\$ 133,259</u>

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

Children of Uganda
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating revenues			
Sponsorships	\$ 238,831	\$ -	\$ 238,831
Fundraising	171,154	-	171,154
Contributions and gifts	<u>73,151</u>	-	<u>73,151</u>
	483,136	-	483,136
Net assets released from restriction	<u>-</u>	-	<u>-</u>
Total operating revenues	<u>483,136</u>	<u>-</u>	<u>483,136</u>
 Operating expenses			
Program services	435,145	-	435,145
Management and general	44,244	-	44,244
Fundraising	<u>21,719</u>	-	<u>21,719</u>
Total operating expenses	<u>501,108</u>	<u>-</u>	<u>501,108</u>
Decrease in net assets	(17,972)	-	(17,972)
Net assets, beginning of year	<u>107,920</u>	<u>504</u>	<u>108,424</u>
 Net assets, end of year	<u>\$ 89,948</u>	<u>\$ 504</u>	<u>\$ 90,452</u>

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

Children of Uganda
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating revenues			
Sponsorships	\$ 267,396	\$ -	\$ 267,396
Fundraising	155,810	-	155,810
Contributions and gifts	78,759	504	79,263
	<u>501,965</u>	<u>504</u>	<u>502,469</u>
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>501,965</u>	<u>504</u>	<u>502,469</u>
 Operating expenses			
Program services	446,026	-	446,026
Management and general	28,226	-	28,226
Fundraising	25,829	-	25,829
	<u>500,081</u>	<u>-</u>	<u>500,081</u>
Total operating expenses	<u>500,081</u>	<u>-</u>	<u>500,081</u>
 Increase in net assets	1,884	504	2,388
 Net assets, beginning of year	<u>106,036</u>	<u>-</u>	<u>106,036</u>
 Net assets, end of year	<u>\$ 107,920</u>	<u>\$ 504</u>	<u>\$ 108,424</u>

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

Children of Uganda
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Uganda childrens' support	\$ 272,314	\$ -	\$ -	\$ 272,314
Salaries and related benefits	102,964	12,870	12,870	128,704
Professional fees	-	28,520	-	28,520
Office	18,148	-	6,401	24,549
Bad debts	16,667	-	-	16,667
Printing and postage	14,039	-	601	14,640
Occupancy	7,920	990	990	9,900
Insurance	2,408	301	301	3,010
Other	-	1,348	100	1,448
Tour expenses	685	-	456	1,141
Depreciation	-	215	-	215
	<u>\$ 435,145</u>	<u>\$ 44,244</u>	<u>\$ 21,719</u>	<u>\$ 501,108</u>

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

Children of Uganda
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2016

	Program Services	Management and General	Fundraising	Total
Uganda childrens' support	\$ 321,918	\$ -	\$ -	\$ 321,918
Salaries and related benefits	80,024	10,003	10,003	100,030
Office	14,149	-	8,096	22,245
Printing and postage	8,786	-	6,474	15,260
Professional fees	-	15,191	-	15,191
Bad debts	11,147	-	-	11,147
Occupancy	7,922	990	990	9,902
Insurance	2,069	259	259	2,587
Other	-	1,388	-	1,388
Depreciation	-	395	-	395
Tour expenses	11	-	8	19
	<u>\$ 446,026</u>	<u>\$ 28,226</u>	<u>\$ 25,829</u>	<u>\$ 500,081</u>

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

Children of Uganda
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2017 and 2016

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2017</u>	<u>2016</u>
Increase (decrease) in net assets	\$ (17,972)	\$ 2,388
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	215	395
(Increase) decrease in assets:		
Pledges receivable	14,892	(15,730)
Increase (decrease) in liabilities:		
Accounts payable	17,933	1,026
Payroll and related liabilities	<u>(5,112)</u>	<u>(5,772)</u>
Net cash provided (used) by operating activities	<u>9,956</u>	<u>(17,693)</u>
Net increase (decrease) in cash	9,956	(17,693)
Cash and cash equivalents, beginning of year	<u>56,528</u>	<u>74,221</u>
Cash and cash equivalents, end of year	<u>\$ 66,484</u>	<u>\$ 56,528</u>
 SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest and finance charges	<u>\$ 1,097</u>	<u>\$ 1,456</u>

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

Children of Uganda
Notes to the Financial Statements
December 31, 2017 and 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Children of Uganda (Organization) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the fairness and objectivity embodied in the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization

Children of Uganda, who formally changed their name from Uganda Children's Charity Foundation on September 1, 2006, was formed and incorporated in 1995 in the State of Texas. The purpose of the Organization is to enhance the ability of Ugandan orphans to fulfill their own educational, economic, and social needs in the future by providing them with the opportunity to obtain an education. These financial statements do not include the operations of Children of Uganda Limited (Uganda Country Programme).

Foreign Operations

The Organization sends funds to Children of Uganda Limited (Uganda Country Programme) to support the programs of Uganda Country Programme. The funds are sent when directed by the Organization's Board in accordance with a pre-approved budget. Support from the Organization to Uganda Country Programme is used for maintenance of buildings and equipment, children's support, management, and administration costs for oversight of the needs of the children in the program.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include the assumption in recording depreciation, the realizable value of receivables and functional allocation of expenses. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could differ from estimates.

Revenues and Expenses

The primary sources of support to the Organization is voluntary contributions from individuals, generally in the form of child sponsorships and organizations located primarily in the United States, and fundraising revenue generated from the tour in the United States.

Children of Uganda
Notes to the Financial Statements (continued)
December 31, 2017 and 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional Promises to Give

Contributions are recognized when a donor makes a promise to give 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 donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

Pledges receivable are considered past due when payments are not made under the terms of the pledge agreement. The Organization has established an allowance for doubtful accounts based on past performance. Generally, 50% of all accounts over ninety days past due are charged to the allowance account. Specifically identified uncollectible pledges receivable are charged to bad debts. Recovered bad debts are credited to income when collected.

Financial Statement Presentation

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

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

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets are limited by donor-imposed restrictions.

Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions are recognized as revenues in the period unconditional promises to give are received. Contributions of assets other than cash are recorded at their estimated fair value.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of ninety days or less to be cash equivalents. The Organization places cash and marketable securities, which at times may exceed federally-insured limits, with high-credit quality financial institutions. The Organization has not experienced any losses on such assets.

Children of Uganda
Notes to the Financial Statements (continued)
December 31, 2017 and 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment used in the U.S. programs and operations are recorded at cost. Donated property and equipment are recorded at fair value at the date of the gift. Major expenditures and expenditures which substantially increase useful lives are capitalized. Maintenance, repairs, and replacements, which do not improve or extend the lives of the respective assets, are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation is removed, and any gain or loss is included in operations.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computers and equipment	3 - 7 years
Furniture and fixtures	7 - 10 years

Income Taxes

The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. The Organization has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Organization qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511.

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the operating statement or accrued in the statement of financial position. Federal and state tax returns of the entity are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Functional Allocation of Expenses

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

Date of Management's Review

Subsequent events have been evaluated for potential recognition or disclosure through November 8, 2018, which is the date the financial statements were available to be issued.

Children of Uganda
Notes to the Financial Statements (continued)
December 31, 2017 and 2016

PROPERTY AND EQUIPMENT

Property and equipment at December 31 consisted of the following:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 3,204	\$ 3,204
Computer equipment	17,677	17,677
Total property and equipment	<u>20,881</u>	<u>20,881</u>
Less: accumulated depreciation	<u>(20,380)</u>	<u>(20,165)</u>
Property and equipment - net	<u>\$ 501</u>	<u>\$ 716</u>

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the support of Uganda Country Programme. At December 31, 2017 and 2016, the balance was \$504 and \$504, respectively.

IN-KIND CONTRIBUTIONS

Donated services are recognized as contributions in accordance with generally accepted accounting principles, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, a substantial number of volunteers have donated significant amounts of their time to the Organization; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

The Organization also receives various in-kind contributions such as clothing, food, and supplies. The amounts are considered immaterial and have not been recorded in the financial statements.

LEASE

The Organization leases its office space for monthly payments totaling \$825. Total lease payments for the year ended December 31, 2017 and 2016 were \$9,900 and \$9,902, respectively.



DECKER & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTING

Warm Springs Business Center · 64 Warm Springs Avenue · Martinsburg, WV 25404

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors
Children of Uganda

We have audited the financial statements of Children of Uganda (Uganda - US) as of and for the year ended December 31, 2017 and our report thereon dated November 8, 2018, which expressed an unmodified opinion of those financial statements, appears on page 3. Our audit was conducted for the purpose of forming an opinion on the Uganda-US financial statements as a whole. The combining financial statements and related selected disclosures of Uganda-US and Children of Uganda Limited (Uganda-Ltd) 2017 financial statements, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Matters

The combining financial statements and related selected disclosures of Uganda-US and Uganda -LTD 2016 financial statements were prepared by other auditors whose report dated November 17, 2017 was not subjected to the auditing procedures applied in the audit of the financial statements and did not express an opinion or provide any assurance on them.

The selected information accompanying the supplemental schedules describes the combined operations for the Uganda-US and Uganda-Ltd financial statements, prepared under International Financial Reporting Standards (IFRS), were audited by other auditors using International Standards for Auditing (ISA). The differences between IFRS and GAAP reporting for combining purposes are deemed to be immaterial.

Decker & Company PLLC

November 8, 2018

Phone 304-263-0200 · Fax 304-263-0737 · www.deckerandcompany.com

Children of Uganda
and
Children of Uganda Limited
Combining Statement of Financial Position
December 31, 2017

	<u>Uganda-US</u>	<u>Uganda - Ltd</u>	<u>Total</u>
ASSETS			
Cash	\$ 66,484	\$ 36,560	\$ 103,044
Pledges receivable, net of allowance for doubtful accounts	61,123	3,840	64,963
Advances	-	2,850	2,850
Property and equipment, net of accumulated depreciation	<u>501</u>	<u>12,390</u>	<u>12,891</u>
TOTAL ASSETS	<u>\$ 128,108</u>	<u>\$ 55,640</u>	<u>\$ 183,748</u>
 LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 25,542	\$ 18,670	\$ 44,212
Payroll and related liabilities	<u>12,114</u>	<u>-</u>	<u>12,114</u>
Total liabilities	<u>37,656</u>	<u>18,670</u>	<u>56,326</u>
 Net Assets			
Unrestricted	89,948	36,970	126,918
Temporarily restricted	<u>504</u>	<u>-</u>	<u>504</u>
Total net assets	<u>90,452</u>	<u>36,970</u>	<u>127,422</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 128,108</u>	<u>\$ 55,640</u>	<u>\$ 183,748</u>

See independent auditors' report on supplemental information and selected information on supplemental information.

Children of Uganda
and
Children of Uganda Limited
Combining Statement of Financial Position
December 31, 2016

	<u>Uganda-US</u>	<u>Uganda - Ltd</u>	<u>Total</u>
ASSETS			
Cash	\$ 56,528	\$ 31,960	\$ 88,488
Pledges receivable, net of allowance for doubtful accounts	76,015	4,480	80,495
Advances	-	2,290	2,290
Property and equipment, net of accumulated depreciation	<u>716</u>	<u>15,160</u>	<u>15,876</u>
TOTAL ASSETS	<u>\$ 133,259</u>	<u>\$ 53,890</u>	<u>\$ 187,149</u>
 LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 17,226	\$ 7,300	\$ 24,526
Payroll and related liabilities	<u>7,609</u>	<u>-</u>	<u>7,609</u>
Total liabilities	<u>24,835</u>	<u>7,300</u>	<u>32,135</u>
Net Assets			
Unrestricted	107,920	46,590	154,510
Temporarily restricted	<u>504</u>	<u>-</u>	<u>504</u>
Total net assets	<u>108,424</u>	<u>46,590</u>	<u>155,014</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 133,259</u>	<u>\$ 53,890</u>	<u>\$ 187,149</u>

See independent auditors' report on supplemental information and selected information on supplemental information.

Children of Uganda
and
Children of Uganda Limited
Combining Statement of Activities
For the year ended December 31, 2017

	<u>Uganda-US</u>	<u>Uganda - Ltd</u>	<u>Eliminating Entries</u>	<u>Total</u>
Operating Revenue				
Sponsorship	\$ 238,831	\$ -	\$ -	\$238,831
Fundraising	171,154	-	-	171,154
Contributions	73,151	-	-	73,151
Designated income	-	21,550	-	21,550
Other income	-	3,910	-	3,910
Grants from the U.S. office	-	239,780	(239,780)	-
Total operating revenues	<u>483,136</u>	<u>265,240</u>	<u>(239,780)</u>	<u>508,596</u>
Operating Expenses				
Program services	435,145	230,290	(239,780)	425,655
Management and general	44,244	38,320	-	82,564
Fundraising	21,719	-	-	21,719
Total operating expenses	<u>501,108</u>	<u>268,610</u>	<u>(239,780)</u>	<u>529,938</u>
Decrease in net assets	<u>\$ (17,972)</u>	<u>\$ (3,370)</u>	<u>\$ -</u>	<u>\$ (21,342)</u>

Supplemental Information

Grants from the U.S. office represent the funds transferred to Children of Uganda Limited during the year ended December 31, 2017. The funds were used to support programs as well as administrative costs.

Children of Uganda
and
Children of Uganda Limited
Combining Statement of Activities
For the year ended December 31, 2016

	<u>Uganda-US</u>	<u>Uganda - Ltd</u>	<u>Eliminating Entries</u>	<u>Total</u>
Operating Revenue				
Sponsorship	\$ 267,396	\$ -	\$ -	\$ 267,396
Fundraising	155,810	-	-	155,810
Contributions	79,263	-	-	79,263
Designated income	-	33,770	-	33,770
Other income	-	620	-	620
Grants from the U.S. office	-	278,650	(278,650)	-
Total operating revenues	<u>502,469</u>	<u>313,040</u>	<u>(278,650)</u>	<u>536,859</u>
Operating Expenses				
Program services	446,026	246,560	(278,650)	413,936
Management and general	28,226	42,050	-	70,276
Fundraising	25,829	-	-	25,829
Total operating expenses	<u>500,081</u>	<u>288,610</u>	<u>(278,650)</u>	<u>510,041</u>
Increase in net assets	<u>\$ 2,388</u>	<u>\$ 24,430</u>	<u>\$ -</u>	<u>\$ 26,818</u>

Supplemental Information

Grants from the U.S. office represent the funds transferred to Children of Uganda Limited during the year ended December 31, 2016. The funds were used to support programs as well as administrative costs.

See independent auditors' report on supplemental information and selected information on supplemental information.

Children of Uganda
and
Children of Uganda Limited
Combining Statement of Functional Expenses
For the year ended December 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Uganda - US				
Uganda childrens' support	\$ 272,314	\$ -	\$ -	\$ 272,314
Salaries and related benefits	102,964	12,870	12,870	128,704
Professional fees	-	28,520	-	28,520
Office	18,148	-	6,401	24,549
Bad debts	16,667	-	-	16,667
Printing and postage	14,039	-	601	14,640
Occupancy	7,920	990	990	9,900
Insurance	2,408	301	301	3,010
Other	-	1,348	100	1,448
Tour expenses	685	-	456	1,141
Depreciation	-	215	-	215
	<u>435,145</u>	<u>44,244</u>	<u>21,719</u>	<u>501,108</u>
Uganda - Ltd				
Basic education program	181,970	-	-	181,970
Administration and finance	-	38,320	-	38,320
Advocacy and empowerment	22,230	-	-	22,230
Designated children requirements	18,120	-	-	18,120
Health/HIV/Aids	7,970	-	-	7,970
	<u>230,290</u>	<u>38,320</u>	<u>-</u>	<u>268,610</u>
Eliminating entries	<u>(239,780)</u>	<u>-</u>	<u>-</u>	<u>(239,780)</u>
TOTAL EXPENSES	<u>\$ 425,655</u>	<u>\$ 82,564</u>	<u>\$ 21,719</u>	<u>\$ 529,938</u>

See independent auditors' report on supplemental information and selected information on supplemental information.

Children of Uganda
and
Children of Uganda Limited
Combining Statement of Functional Expenses
For the year ended December 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Uganda - US				
Uganda childrens' support	\$ 321,918	\$ -	\$ -	\$ 321,918
Salaries and related benefits	80,024	10,003	10,003	100,030
Office	14,149	-	8,096	22,245
Printing and postage	8,786	-	6,474	15,260
Professional fees	-	15,191	-	15,191
Bad debts	11,147	-	-	11,147
Occupancy	7,922	990	990	9,902
Insurance	2,069	259	259	2,587
Other	-	1,388	-	1,388
Depreciation	-	395	-	395
Tour expenses	11	-	8	19
	<u>446,026</u>	<u>28,226</u>	<u>25,829</u>	<u>500,081</u>
Uganda - Ltd				
Basic education program	191,790	-	-	191,790
Administration and finance	-	42,050	-	42,050
Advocacy and empowerment	18,570	-	-	18,570
Designated children requirements	31,310	-	-	31,310
Health/HIV/Aids	4,890	-	-	4,890
	<u>246,560</u>	<u>42,050</u>	<u>-</u>	<u>288,610</u>
Eliminating entries	<u>(278,650)</u>	<u>-</u>	<u>-</u>	<u>(278,650)</u>
TOTAL EXPENSES	<u>\$ 413,936</u>	<u>\$ 70,276</u>	<u>\$ 25,829</u>	<u>\$ 510,041</u>

See independent auditors' report on supplemental information and selected information on supplemental information.

Children of Uganda
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2017

	Uganda-US	Uganda-Ltd	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Decrease in net assets	\$ (17,972)	\$ (3,370)	\$ (21,342)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:			
Depreciation	215	-	215
Exchange rate adjustment	-	410	410
(Increase)/decrease in assets:			
Pledges receivable	14,892	360	15,252
Advances		(700)	(700)
Increase (decrease) in liabilities:			
Accounts payable	17,933	11,940	29,873
Payroll and related liabilities	(5,112)	-	(5,112)
Net cash provided by operating activities	9,956	8,640	18,596
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	-	(1,940)	(1,940)
Net cash used by investing activities	-	(1,940)	(1,940)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital grants	-	(130)	(130)
Net cash used by financing activities	-	(130)	(130)
Net increase in cash	9,956	6,570	16,526
Cash and cash equivalents, beginning of year	56,528	29,990	86,518
Cash and cash equivalents, end of year	\$ 66,484	\$ 36,560	\$ 103,044

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Children of Uganda
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2016

	Uganda-US	Uganda-Ltd	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase in net assets	\$ 2,388	\$ 24,430	\$ 26,818
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:			
Depreciation	395	-	395
Exchange rate adjustment	-	(2,670)	(2,670)
(Increase)/decrease in assets:			
Pledges receivable	(15,730)	2,360	(13,370)
Advances		(2,290)	(2,290)
Increase/(decrease) in liabilities:			
Accounts payable	(871)	3,620	2,749
Payroll and related liabilities	(5,772)	-	(5,772)
Accrued expenses	1,897	-	1,897
	(17,693)	25,450	7,757
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	-	(11,270)	(11,270)
Net cash used in investing activities	-	(11,270)	(11,270)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital grants	-	(140)	(140)
Net cash used in financing activities	-	(140)	(140)
Net increase (decrease) in cash	(17,693)	14,040	(3,653)
Cash and cash equivalents, beginning of year	74,221	17,920	92,141
Cash and cash equivalents, end of year	\$ 56,528	\$ 31,960	\$ 88,488

See independent auditors' report on supplemental information and selected information on supplemental information.

Children of Uganda
and
Children of Uganda Limited
**Selected Information to Combining Financial Statements --
Substantially All Required Disclosures Omitted**

Basis of Presentation

The accompanying Combining Financial Statements include the financial statements of Children of Uganda (a Texas non-profit organization) ("Uganda-US") which were prepared using accounting principles generally accepted in the United States of America (US-GAAP) and the financial statements of Children of Uganda Limited (a Uganda Country Programme) ("Uganda-Ltd") which were prepared using International Financial Reporting Standards (IFRS). Management believes that the differences between these bases of accounting are not material. All significant transactions between the entities have been eliminated.

Foreign Operations

Funds are wired from the Uganda-US office to the Uganda-Ltd bank account to fund operational expenditures. The Uganda-Ltd in-country director administers the account. Funds from the account are debited as directed by the Uganda-US Board, as set forth in a pre-approved budget. As a method of accountability, the Uganda-US Board is provided by Uganda-Ltd with monthly balanced Uganda-Ltd statements for its review. Accordingly, all monies transferred from the Uganda-US bank account to support the efforts in Uganda are accounted for as "children's' support expenses" by Uganda-US at the time they are disbursed. Expenditures may also include amounts for maintenance of the buildings and equipment located in Uganda. These expenditures have also been consistently accounted for as children's' support expenses as incurred by Uganda-US.

The title to real properties remains in the names of the orphanages to which the money was given for such projects. Uganda-Ltd management and administration staff are required by Uganda-US to have proper oversight of the educational and social needs for the hundreds of children in the program. While categorized as administration staff - the majority of Ugandan employees work directly with the children, overseeing the funded education programs. These staff members include a child sponsorship coordinator, social workers and Family Empowerment Program staff. The Board Chair of the Uganda-US board and board members periodically make visits and inspections of the Ugandan operations.

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