

UNIVERSITY OF CAPE TOWN FUND, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2016 AND 2015

UNIVERSITY OF CAPE TOWN FUND, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
University of Cape Town Fund, Inc.

We have audited the accompanying financial statements of University of Cape Town Fund, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities 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.

Auditors' 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 of 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 auditors' 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 University of Cape Town Fund, Inc. as of December 31, 2016 and 2015, 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.

Lotz + Carr, LLP

New York, New York
April 4, 2017

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents (Notes 1b and 3)	\$ 518,267	\$ 439,613
Unconditional promises to give - temporarily restricted (Notes 1c and 4)	606,458	185,307
Prepaid expenses and other assets	<u>1,389</u>	<u>2,526</u>
Total Assets	<u><u>\$1,126,114</u></u>	<u><u>\$ 627,446</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 27,880</u>	<u>\$ 31,458</u>
Net Assets		
Unrestricted	153,511	154,762
Temporarily restricted (Note 2)	<u>944,723</u>	<u>441,226</u>
Total Net Assets	<u><u>1,098,234</u></u>	<u><u>595,988</u></u>
Total Liabilities and Net Assets	<u><u>\$1,126,114</u></u>	<u><u>\$ 627,446</u></u>

See notes to financial statements.

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Changes in Unrestricted Net Assets		
Revenue and Other Support		
Contributions (Notes 1a and 1c)	\$2,297,719	\$2,552,834
Operating grant (Note 6)	143,948	144,450
Interest income	80	50
	<u>2,441,747</u>	<u>2,697,334</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>255,139</u>	<u>653,624</u>
Total Revenue and Other Support	<u>2,696,886</u>	<u>3,350,958</u>
Expenses		
Program Services		
Grant making program	2,549,897	3,157,772
Alumni and communications program	89,325	92,726
Total Program Services	<u>2,639,222</u>	<u>3,250,498</u>
Supporting Services		
Management and general	<u>58,915</u>	<u>93,946</u>
Total Expenses	<u>2,698,137</u>	<u>3,344,444</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(1,251)</u>	<u>6,514</u>
Changes in Temporarily Restricted Net Assets		
Contributions	758,636	395,019
Net assets released from restrictions	<u>(255,139)</u>	<u>(653,624)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>503,497</u>	<u>(258,605)</u>
Increase (decrease) in net assets	502,246	(252,091)
Net assets, beginning of year	<u>595,988</u>	<u>848,079</u>
Net Assets, End of Year	<u><u>\$1,098,234</u></u>	<u><u>\$ 595,988</u></u>

See notes to financial statements.

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 502,246	\$ (252,091)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Bad debt expense	424	22,485
(Increase) decrease in:		
Unconditional promises to give	(421,575)	(141,013)
Prepaid expenses and other assets	1,137	(2,526)
Increase (decrease) in accounts payable and accrued expenses	<u>(3,578)</u>	<u>7,442</u>
Net Cash Provided (Used) By Operating Activities - Net		
Increase (Decrease) in Cash and Cash Equivalents	78,654	(365,703)
Cash and cash equivalents, beginning of year	<u>439,613</u>	<u>805,316</u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$ 518,267</u></u>	 <u><u>\$ 439,613</u></u>

See notes to financial statements.

UNIVERSITY OF CAPE TOWN FUND, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

University of Cape Town Fund, Inc. ("the Fund") is a not-for-profit organization incorporated in 1984 under the laws of New York State. The purposes of this Fund are to promote, further and advance the interests of The University of Cape Town, South Africa, its students and its faculty in providing university education on a racially non-discriminatory basis in South Africa.

Approximately 61% and 77% of the Fund's contributions and grants were from one corporation in 2016 and 2015, respectively.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fund considers all highly liquid debt instruments, purchased with a maturity of three months or less, including money market accounts, to be cash equivalents.

c - Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Fund, 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 year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

d - Financial Statement Presentation

The Fund reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

e - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

f - Tax Status

The Fund is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

g - Subsequent Events

The Fund has evaluated subsequent events through April 4, 2017, the date that the financial statements are considered available to be issued.

UNIVERSITY OF CAPE TOWN FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

Note 2 - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted to the following future programs and periods at December 31:

	<u>2016</u>	<u>2015</u>
University of Cape Town bursary fund	\$ 12,140	\$ 15,499
University of Cape Town endowment fund	26,907	34,360
Other University of Cape Town purposes	299,218	206,060
Future periods	<u>606,458</u>	<u>185,307</u>
	<u>\$944,723</u>	<u>\$441,226</u>

Note 3 - Concentration of Credit Risk

The Fund maintains its cash and cash equivalents in a financial institution in New York City. The cash balances, at times, may exceed federally insured limits.

Note 4 - Unconditional Promises to Give

Unconditional promises to give as of December 31 consist of the following:

	Temporarily Restricted	
	<u>2016</u>	<u>2015</u>
Due within one year	\$505,208	\$107,708
Due within two to five years	84,500	94,000
Due within six to ten years	<u>42,500</u>	<u>-</u>
	632,208	201,708
Less: Allowance for uncollectibles	(10,510)	(10,085)
Less: Discount to present value	<u>(15,240)</u>	<u>(6,316)</u>
	<u>\$606,458</u>	<u>\$185,307</u>

Unconditional promises to give for periods due after one year are discounted to present value using a discount rate of 3%. Uncollectible promises were estimated based on prior years' experience.

UNIVERSITY OF CAPE TOWN FUND, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****Note 5 - Conditional Promises to Give**

During 2016, the Fund obtained conditional pledges from donor advised funds in the amount of \$863,425, of which \$397,000 was received and recognized in the accompanying financial statements in 2016. The remaining pledges of \$466,425 have not been recognized in the accompanying financial statements.

Note 6 - Operating Grant

The Fund obtained grants during 2016 and 2015 from the University of Cape Town, South Africa in the amount of \$143,948 and \$144,450, respectively. The purpose of these grants is to reimburse the Fund for the cost of its daily operations.

Note 7 - Functional Allocation of Expenses

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

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
University of Cape Town Fund, Inc.

We have audited the financial statements of University of Cape Town Fund, Inc. as of and for the years ended December 31, 2016 and 2015, and our report thereon dated April 4, 2017, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended December 31, 2016 with comparative totals for 2015 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz + Carr, LLP

New York, New York
April 4, 2017

UNIVERSITY OF CAPE TOWN FUND, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

	Program Services			Supporting Services Management and General	2016 Total Expenses	2015 Total Expenses
	Grantmaking	Alumni and Communications	Total			
Grant distributions	\$2,549,897	\$ -	\$2,549,897	\$ -	\$2,549,897	\$3,157,772
Professional fees	-	74,685	74,685	50,557	125,242	129,343
Printing, production and postage	-	3,810	3,810	-	3,810	7,344
Bank and transaction fees	-	2,668	2,668	1,261	3,929	1,295
Business insurance	-	-	-	899	899	300
Travel and meetings	-	1,157	1,157	141	1,298	10,114
Equipment and supplies	-	-	-	1,438	1,438	1,465
Alumni events	-	5,710	5,710	-	5,710	11,451
Other expenses	-	1,295	1,295	4,619	5,914	25,360
Total Expenses, 2016	<u>\$2,549,897</u>	<u>\$ 89,325</u>	<u>\$2,639,222</u>	<u>\$ 58,915</u>	<u>\$2,698,137</u>	
Total Expenses, 2015	<u>\$3,157,772</u>	<u>\$ 92,726</u>	<u>\$3,250,498</u>	<u>\$ 93,946</u>		<u>\$3,344,444</u>