



**EGYPTIAN-AMERICAN ENTERPRISE FUND
AND SUBSIDIARY**

**Consolidated Financial Statements and
Supplemental Information**

*For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)*



**and
Report Thereon**



**THE EGYPTIAN-AMERICAN ENTERPRISE FUND
AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

	<i>Page</i>
Independent Auditor's Report	1-2
Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements.....	6-10
Supplemental Information	
Consolidating Statement of Financial Position	11
Consolidating Statement of Activities	12



Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Egyptian-American Enterprise Fund and Subsidiary

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Egyptian-American Enterprise Fund and Subsidiary (collectively known as EAEF), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of EAEF as of December 31, 2015, 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.

Continued

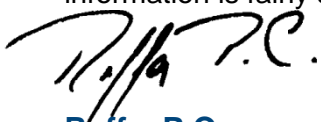
Other Matters

Report on Summarized Comparative Information

The financial statements of EAEF as of December 31, 2014, were audited by other auditors whose report dated August 27, 2015, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statement of financial position on page 11 and the consolidating statement of activities on page 12 are presented for purposes of additional analysis and are 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 audit 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.



Raffa, P.C.

Washington, DC
February 8, 2017

THE EGYPTIAN-AMERICAN ENTERPRISE FUND AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2015
(With Summarized Financial Information as of December 31, 2014)

	2015	2014
ASSETS		
Current Assets		
Cash	\$ 62,087,466	\$ 95,879
Accounts receivable	1,200	-
Prepaid expense	1,167	-
Grant receivable	-	23,534
	62,089,833	119,413
Investments	19,582,871	-
Property and equipment, net	2,689	3,009
	19,585,560	3,009
TOTAL ASSETS	\$ 81,675,393	\$ 122,422
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 479,841	\$ 119,413
Management fee payable	375,000	-
Refundable advance	5,086,595	-
	5,941,436	119,413
Net Assets		
Unrestricted	75,733,957	3,009
	75,733,957	3,009
TOTAL LIABILITIES AND NET ASSETS	\$ 81,675,393	\$ 122,422

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

THE EGYPTIAN-AMERICAN ENTERPRISE FUND AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015
(With Summarized Financial Information as of December 31, 2014)

	2015	2014
CHANGE IN UNRESTRICTED NET ASSETS		
REVENUE AND SUPPORT		
Grant revenue	\$ 78,427,006	\$ 591,937
Other income	79	-
	78,427,085	591,937
TOTAL UNRESTRICTED REVENUE AND SUPPORT		
EXPENSES		
Professional fees	1,499,422	419,236
Management fees	750,000	-
Payroll and benefits	246,422	67,679
Office and other	138,173	18,174
Travel	62,120	83,839
	2,696,137	588,928
TOTAL EXPENSES		
CHANGE IN UNRESTRICTED NET ASSETS	75,730,948	3,009
NET ASSETS, BEGINNING OF YEAR	3,009	-
NET ASSETS, END OF YEAR	\$ 75,733,957	\$ 3,009

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

THE EGYPTIAN-AMERICAN ENTERPRISE FUND AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)
Increase (Decrease) in Cash and Cash Equivalents

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 75,730,948	\$ 3,009
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	691	186
Changes in assets and liabilities:		
Accounts receivable	(1,200)	-
Prepaid expense	(1,167)	-
Grant receivable	23,534	(6,937)
Accounts payable and accrued expenses	360,428	93,592
Management fee payable	375,000	-
Refundable advance	5,086,595	-
	81,574,829	89,850
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(19,582,871)	-
Purchase of property and equipment	(371)	(3,194)
	(19,583,242)	(3,194)
NET INCREASE IN CASH AND CASH EQUIVALENTS	61,991,587	86,656
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	95,879	9,223
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 62,087,466	\$ 95,879

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

**THE EGYPTIAN-AMERICAN ENTERPRISE FUND
AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

1. Fund and Summary of Significant Accounting Policies

General

The Egyptian-American Enterprise Fund (the Fund) was established pursuant to the Egyptian-American Enterprise Fund Act (the EAEF Act) of 2011 for the primary purpose of promoting private sector development in Egypt. The Fund was incorporated under the laws of the State of Delaware on October 19, 2012, and maintains offices in the State of New York.

The Fund's operations launched in 2013 after the receipt of a funding agreement with the U.S. Agency for International Development (USAID). As of December 31, 2015, in accordance with the EAEF Act, the United States Congress approved \$180,000,000 to be appropriated to the Fund by USAID. The Fund's mission is to invest in private enterprises in Egypt, contributing to long-term inclusive and sustainable economic growth. The Enterprise Fund deploys capital on a profit-seeking basis, with due regard to societal benefits in Egypt including job creation, improving quality of life and promoting financial inclusion. In addition, the Fund promotes commercial best practices and improved corporate governance. The Fund supports entrepreneurial activities, environmental accountability and favors investments that have a positive demonstration effect for other Egyptian businesses.

In November 2015, the Fund incorporated Tamwil Holding (Tamwil), a wholly-owned subsidiary domiciled in Mauritius. Tamwil is set up as a private limited company and was created to carry out the Fund's acquisition of a majority stake in a leading consumer finance company for the purpose of accelerating financial inclusion in Egypt.

Principles of Consolidation

The accompanying consolidated financial statements reflect the activity of the Fund and Tamwil (collectively known as EAEF). The financial statements of EAEF have been consolidated because they are under common control and there is an economic interest. All material intercompany balances and transactions have been eliminated during consolidation.

Basis of Accounting

The consolidated financial statements of EAEF have been prepared using the accrual basis of accounting.

Investments

Investments consist of EAEF's interest in a privately owned company, which is considered to be an alternative investment. As such, the investment entity is not traded in an established market with published values. Additionally, access to participation in this investment is limited and at the shareholder's discretion and approval. Liquidation of EAEF's interests may be subject to various restrictions imposed by the company's shareholders. As part of its risk management and control procedures, the investment entity may hold derivatives and certain other financial instruments to hedge or manage risks associated with foreign currency fluctuations, interest rate changes, commodity price fluctuations and equity market movements. Financial Accounting

**THE EGYPTIAN-AMERICAN ENTERPRISE FUND
AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

1. Fund and Summary of Significant Accounting Policies (continued)

Investments (continued)

Standards Board (FASB) Accounting Standards Codification (ASC) 958-325-35, *Investments – Other*, allows for the reporting measurement of other investments, including alternative investments, at either fair value or the lower of cost or fair value. EAEF's interest in this alternative investment fund is recorded in the accompanying statement of activities at the lower of cost or market.

Property and Equipment

Property and equipment consist of computer equipment and are stated at cost. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets from three to five years. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization, and any gain or loss is reflected in revenue and support or expenses in the accompanying consolidated statement of activities. Major additions over \$1,000 are capitalized while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Classification of Net Assets

Net assets have been classified based on the existence or absence of donor-imposed restrictions in the accompanying consolidated financial statements. Unrestricted net assets represent the portion of expendable funds that are available for support of EAEF's operations.

Revenue Recognition

Grant revenue is recognized as costs are incurred on the basis of direct program and administrative costs plus investments. Amounts received from the awarding agency in advance of costs incurred are included in refundable advance in the accompanying consolidated statement of financial position.

Estimates

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

2. Investments

EAEF's investments at December 31, 2015, are summarized as follows:

Alternative investment funds recognized at the lower of cost or market:	
Private equity	<u>\$ 19,582,871</u>
Total Investments	<u>\$ 19,582,871</u>

Continued

**THE EGYPTIAN-AMERICAN ENTERPRISE FUND
AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

2. Investments (continued)

As disclosed in Note 1 to these consolidated financial statements, the carrying value estimate for the alternative investment funds is the lower of cost or market. The market value is estimated based on the net asset value per share or its equivalent, in accordance with guidance relative to investment companies. Accordingly, EAEF's proportionate share of the net market increases as reported by the alternative investment funds, above original cost, is not included.

The privately held company in which EAEF has invested has an initial lock-up period of five years, which is set to expire in December 2019. Because of the inherent uncertainty of the valuation for EAEF's investment in this company and in certain of the underlying investments held by the company, values for this investment may differ significantly from values that would have been used had a ready market for the investment existed.

3. Property and Equipment and Accumulated Depreciation and Amortization

EAEF's property and equipment consisted of the following as of December 31, 2015:

Computer equipment	\$ <u>3,569</u>
Total Property and Equipment	3,569
Less: Accumulated Depreciation and Amortization	<u>(880)</u>
Property and Equipment, Net	\$ <u><u>2,689</u></u>

Depreciation and amortization expense totaled \$691 for the year ended December 31, 2015.

4. Concentrations

Major Grantors

For the year ended December 31, 2015, EAEF earned grant revenue of \$78,427,006, all of which was received directly from USAID, which has a funding agreement with EAEF through the authority of an act of Congress, and represents 99% of total revenue.

In accordance with the funding agreement, USAID has obligated \$180,000,000, but has disbursed only \$84,361,697, to EAEF for financing programs and covering administrative expenditures. Invoice requests for advances under the grant are made by EAEF on an as-needed basis.

While management believes the event remote, should Congress decide not to fund EAEF's future projects, EAEF would experience an adverse impact on its ability to finance ongoing operations.

Continued

**THE EGYPTIAN-AMERICAN ENTERPRISE FUND
AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

4. Concentrations (continued)

Foreign Operations

During the year ended December 31, 2015, EAEF performed services and transacted business in Egypt and Mauritius. At December 31, 2015, EAEF maintained a cash account in Mauritius as well as an investment in a special purpose vehicle used to acquire a company domiciled in Egypt. The future of this program can be adversely affected by a number of potential factors such as devaluations, terrorist activity and changes in the political climate. As of December 31, 2015, EAEF held cash in Mauritius of approximately \$56,150,985 and investments valued at \$19,582,871 in Egypt, representing 93% of EAEF's total assets.

Concentration of Credit Risk

EAEF maintains its cash and cash equivalents with a certain commercial financial institution, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2015, EAEF had approximately \$5,936,000 in cash, which exceeded the maximum limit insured by the FDIC by approximately \$5,686,000. EAEF monitors the creditworthiness of the financial institution and has not experienced any credit losses on its cash and cash equivalents.

5. Functional Expenses

As of December 31, 2015, total expenditures were \$2,696,137, which includes \$2,611,085 expended on program services and \$85,052 expended on management and general services.

6. Related Party Transaction

Members of the Board of Directors contribute a considerable amount of time in supervision and advising EAEF on its investments and other activities. Members of the Board of Directors do not receive compensation or fees for serving as members of the board, and no amounts have been reflected in the consolidated statement of activities for these donated services.

Commencing in August 2014, EAEF rented office space on a month-to-month basis from a company owned by one of its Directors at a rate of \$2,000 per month. As of December 31, 2015, there were no amounts due under this agreement. Rent expense for the year ended December 31, 2015, totaled \$24,000 and is included in office and other on the accompanying consolidated statement of activities.

**THE EGYPTIAN-AMERICAN ENTERPRISE FUND
AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

7. Income Taxes

EAEF qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the IRC) and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. Also, in accordance with the Bilateral Agreement signed between the Government of Egypt and the Government of the United States of America, EAEF is not subject to taxes in Egypt. No provision for income taxes is required for the year ended December 31, 2015, as EAEF had no net unrelated business income.

Tamwil is subject to the tax laws in the country in which it was incorporated. The activity of Tamwil was minimal for the year ended December 31, 2015, and as such, no tax assessments have been recorded. Any tax assessment due is not considered to be material to these consolidated financial statements.

EAEF performed an evaluation of uncertain tax positions for the year ended December 31, 2015, and determined that there are no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of December 31, 2015, the statute of limitations for tax years 2012 through 2014 remained open with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which EAEF files tax returns. EAEF is not currently under audit by the U.S. Internal Revenue Service for the year ended December 31, 2015. It is EAEF's policy to recognize interest and penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2015, EAEF had no accruals for interest and/or penalties.

8. Subsequent Events

In preparing the financial statements, EAEF has evaluated events and transactions for potential recognition or disclosure through February 8, 2017, the date the consolidated financial statements were available to be issued. Except as discussed below, there were no subsequent events that require recognition or disclosure in the consolidated financial statements.

Effective January 2016, EAEF purchased 100% of the stock in Consolidated Financial Holding (CFH), a private company in Mauritius, at a cost of approximately \$78,040,000. The consolidated financial statements of EAEF will be consolidated with those of CFH due to the presence of common control and economic interest. All significant intercompany balances and transactions will be eliminated in consolidation.

On September 30, 2016, EAEF committed to a \$10,000,000 investment in a technology-focused venture capital fund, domiciled in the Netherlands, although investing in Egypt.

SUPPLEMENTAL INFORMATION

THE EGYPTIAN-AMERICAN ENTERPRISE FUND AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2015

	Egyptian- American Enterprise Fund	Tamwil Holding	Eliminations	Total
ASSETS				
Current Assets				
Cash	\$ 5,936,481	\$ 56,150,985	\$ -	\$ 62,087,466
Investment in Tamwil Holding	56,148,316	-	(56,148,316)	-
Accounts receivable	1,200	-	-	1,200
Prepaid Expenses	-	1,167	-	1,167
Total Current Assets	62,085,997	56,152,152	(56,148,316)	62,089,833
Investments	19,582,792	79	-	19,582,871
Property and equipment, net	2,689	-	-	2,689
TOTAL ASSETS	\$ 81,671,478	\$ 56,152,231	\$ (56,148,316)	\$ 81,675,393
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 475,926	\$ 3,915	\$ -	\$ 479,841
Management fee payable	375,000	-	-	375,000
Refundable advance	5,086,595	-	-	5,086,595
Total Current Liabilities	5,937,521	3,915	-	5,941,436
Net Assets				
Unrestricted	75,733,958	-	-	75,733,958
Stockholder's Equity				
Common stock	-	7,286,140	(7,286,140)	-
Additional paid-in capital	-	48,864,860	(48,864,860)	-
Retained earnings	-	(2,684)	2,684	-
Total Stockholder's Equity	-	56,148,316	(56,148,316)	-
TOTAL LIABILITIES AND NET ASSETS	\$ 81,671,478	\$ 56,152,231	\$ (56,148,316)	\$ 81,675,393

THE EGYPTIAN-AMERICAN ENTERPRISE FUND AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

	Egyptian- American Enterprise Fund	Tamwil Holding	Elimination	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
CHANGE IN UNRESTRICTED NET ASSETS				
REVENUE AND SUPPORT				
Grant revenue	\$ 78,427,006	\$ -	\$ -	\$ 78,427,006
Other income	-	79	-	79
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUE	78,427,006	79	-	78,427,085
EXPENSES				
Professional fees	1,497,904	1,518	-	1,499,422
Management fees	750,000	-	-	750,000
Payroll and related	246,422	-	-	246,422
Office and other	136,928	1,245	-	138,173
Travel and related	62,120	-	-	62,120
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	2,693,373	2,763	-	2,696,136
EQUITY IN EARNINGS (LOSSES) OF SUBSIDIARY				
Tamwil Holding	(2,684)	-	2,684	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
CHANGE IN NET ASSETS	<u><u>\$ 75,730,948</u></u>	<u><u>\$ (2,684)</u></u>	<u><u>\$ 2,684</u></u>	<u><u>\$ 75,730,948</u></u>