

AGA KHAN FOUNDATION ANNUAL REPORT 2016

A Sustainable Vision for a Better World



Dear Friends,

With your generous support, the Aga Khan Foundation celebrated a remarkable year in 2016.

It was a year of remarkable progress in providing quality education, more equitable and accessible healthcare, new economic opportunities, and more vibrant civil societies – all cornerstones of thriving communities. You directly helped farmers in West Africa have more income security, entrepreneurs in Afghanistan start businesses, and schoolchildren in Central Asia access education -- all ways people can build better futures for themselves and their communities.

Every dollar that you contribute is leveraged 4 to 8 times through matching grants from leading donor agencies, amplifying the impact of every donation. Your generosity allowed us to enhance our programs working with agencies of the U.S. government, foundations and corporate partners.

In the following pages, we are inspired to share with you exactly how your donations help communities in Africa and Asia work to improve their quality of life. Here we share stories that show how our work aligns with the vision of a brighter future, in line with the

United Nations and all the organizations dedicated to ending poverty through the Sustainable Development Goals (SDGs). The SDGs are a global movement that we are proud to be a part of as we work together with people like you to achieve the 17 goals that will improve the quality of life for everyone. I invite you to consider these snapshots alongside the ambitious goals, for a vivid view of what your donations catalyze. We will unveil more stories about our work with the SDGs over the next year; visit our website and follow along on social media for more.

We thank you for all you have done to make this possible. Together we can tackle these ambitious goals for a world we all can cherish.



A stylized, handwritten signature in dark ink, appearing to read 'Aleem'.

Aleem Walji
CHIEF EXECUTIVE OFFICER

About the United Nations Sustainable Development Goals

The Sustainable Development Goals (SDGs), sometimes called the Global Goals, are a worldwide call to action to break the cycle of poverty and ensure all people can meet their potential. This concept was started at a United Nations meeting where world leaders came together to dedicate themselves to achieving these goals by 2030.

For 50 years, the Aga Khan Foundation, part of the Aga Khan Development Network, has been working to do that. When you join us by partnering, donating, sponsoring, or volunteering, you're joining a global movement and building a better future for all.



AGA KHAN FOUNDATION



The Aga Khan Foundation supports the Sustainable Development Goals

The Aga Khan Foundation is working to make the goals a reality.

The 17 goals offer a big-picture vision for improving the quality of life. The top goal—#1—is to end poverty.

Poverty is a complex problem, and we make progress when we integrate efforts from all sectors. That is why at the Aga Khan Foundation, we work with communities and partners on innovative programs that improve the quality of life, from early childhood development to clean water.

SUSTAINABLE DEVELOPMENT GOALS

- | | |
|--|--|
| 1 No Poverty | 10 Reduced Inequalities |
| 2 Zero Hunger | 11 Sustainable Cities and Communities |
| 3 Good Health and Well-being | 12 Responsible Consumption and Production |
| 4 Quality Education | 13 Climate Action |
| 5 Gender Equality | 14 Life Below Water |
| 6 Clean Water and Sanitation | 15 Life on Land |
| 7 Affordable and Clean Energy | 16 Peace, Justice and Strong Institutions |
| 8 Decent Work and Economic Growth | 17 Partnerships for the Goals |
| 9 Industry, Innovation and Infrastructure | |

Stories of the Goals in Action

This report is a snapshot of our work, focusing on three of those goals.



Goal 3 Health & Well Being

Ensure healthy lives and promote well-being for all at all ages

“Compared to giving birth at home, childbirth at the health center is much more comfortable and has little risk.”

RONA'S STORY PAGE 9



Goal 4 Quality Education

Ensure inclusive and quality education for all and promote lifelong learning

“Our daycare should provide enough space for children to play freely.”

MARGARET'S STORY PAGE 14



Goal 6 Clean Water & Sanitation

Ensure access to water and sanitation for all

“At the beginning many of them think that it will be expensive and is not that important—but I tell them about my experience and how it's made our lives much better.”

GAURI'S STORY PAGE 19

GOAL 3

Health & Well-Being



Ensuring healthy lives and promoting well-being

Goal 3 sets out ambitious targets to ensure healthy lives and promote well-being for all at all ages. The Aga Khan Development Network is committed to helping to meet those targets.

In many areas where we work, access to quality, affordable healthcare is a major challenge. This challenge is especially acute for mothers in remote rural areas, where it can often take days of difficult travel to reach the nearest hospital. To address this, we train local women to become midwives, help set-up networks of health workers who can visit remote areas, and support local clinics to meet quality standards.

SUSTAINABLE DEVELOPMENT TARGETS

Reduce the global maternal mortality ratio to less than 70 per 100,000 live births



End preventable deaths of newborns and children under 5 years of age



Ensure universal access to reproductive health-care



Our Impact

Afghanistan has just **2 doctors** for every **10,000 people**.

AKDN's health system provides quality primary health care to over **1.6 million Afghans** every year.

Worldwide, AKDN reaches **5 million patients** every year, including community health programs and outpatient visits.

Afghanistan

Rona's Story

New mothers in isolated rural communities in Afghanistan have few chances for help or healthcare. In a village in northern Afghanistan near the Tajikistan border, Rona Gul, a 25-year-old mother of four children, sought help. She was pregnant with her fifth child and wanted to prevent the bleeding and pain that she had experienced during childbirth before.

She found community health workers made regular visits to her village, and trained women in ways to improve health and nutrition. "After coming to the training I visited the clinic for regular check-ups," Rona said, "which I did not do before. And this time I gave birth at the clinic. I didn't suffer the same problems that I faced during childbirth at home."

That kind of prenatal care and attention make a big difference in improving mother and child survival and health. Since 2004, the Aga Khan Development Network has trained over 400 midwives

in Afghanistan. Since 2003, maternal deaths during childbirth have dropped from nearly 2% to less than 0.4% in 2015.

Visiting the clinic with her two-month-old baby, Rona was pleased with her daughter's healthy check-up report. She adds, "Compared to giving birth at home, childbirth at the health center is much more comfortable and has little risk."

This program is made possible by the generous support of the American people through the United States Agency for International Development (USAID) and the Aga Khan Foundation.



Healthy lives begin at the Bamyan maternity ward



Watch: **Health has a new home: A new life begins**

<http://bit.ly/bamyanvideo>

On the opening day of a hospital built and run with the support of the Aga Khan Development Network, 12 women arrived in labor. In the past this might have overwhelmed the resources in this remote location. Instead, the new maternity ward enabled the skilled doctors and midwives to deliver 12 healthy babies for 12 healthy mothers.

See the facility, meet the doctors, and watch how two lives were saved that day.

GOAL 4

Quality Education



Inclusive and quality education for all

Goal 4 sets high standards to ensure inclusive and quality education for all and promote lifelong learning.

For nearly 100 years, the Aga Khan Development Network has been working to ensure access to quality education. In light of recent research showing the impact of a child's earliest days on their life, early child development has become an area of focus for our work. Built on independent research, we work with our partners on trainings that help parents and teachers ensure they are providing the best care for a child, develop quality standards for early childhood education, and connect healthcare systems with schools, ensuring children grow up healthy.

SUSTAINABLE DEVELOPMENT TARGETS

Ensure that all children have access to quality early childhood development, care and preprimary education



Build and upgrade education facilities that are child, disability and gender sensitive and provide safe and effective learning environments for all



Substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries



Our Impact

In the first 1,000 days of life, the brain develops **700 neural connections per second** and by age five, roughly **90 percent of brain development** is complete.

Every year AKDN ensures that **750,000 young children** have access to a good start in life through its Early Childhood Development programs.

Globally, the AKDN serves over **2 million students** ranging from early childhood to university degrees.

Nairobi, Kenya

Margaret's Story

Building Brighter Futures is a program supporting innovative early child care in the poorest neighborhoods of Nairobi. A partnership funded with a grant from the Conrad N. Hilton Foundation, the program aims to make daycare engaging and meaningful for children at the earliest ages.

Research shows that a child's earliest years can have a lifelong impact. Providing stimulation like play-based learning for young children from 0 to 3 years old is crucial. Children in low-income families are often at risk of missing that stimulation.

"Our daycare should provide enough space for children to play freely," says Margaret Gibson, care provider. Her children also get regular visits from a health professional. "When they come to visit, they check on the health, the growth, the development of the child."

Building Brighter Futures ensures that children get high-quality attention that's affordable. The program provides teacher training, business development, and more. The project has also made a significant impact nationally by encouraging the Kenyan government to update their early child policy to include an integrated approach and ensure quality standards for all daycare centers.



Nairobi, Kenya

Building a Brighter Future for Vulnerable Children

Margaret was able to access knowledge and resources to make her daycare an enriching environment through one of AKF's innovative partnerships. The Aga Khan Foundation's partners in the Babycares Consortium include local organizations like the social enterprise Kidogo and the Daraja Civic Initiatives Forum, as well as scholarly expertise from Aga Khan University Institute for Human Development. The project also leveraged funding from the Conrad N. Hilton Foundation.

Watch Margaret and other caregivers tell their stories, see the children and daycares helped and learn more about this collaboration.



Watch:
Babycares Consortium: Building a Brighter Future for Vulnerable Children

<http://bit.ly/babycaresvideo>

GOAL 6

Clean Water & Sanitation



Adequate and equitable sanitation and hygiene for all

Goal 6 aims to ensure everyone has access to clean water and sanitation.

The Aga Khan Development Network is a pioneer in water sanitation and hygiene programs, which help improve the health and quality of life for communities across the countries we work in. Improving sanitation goes beyond building toilets and wells; it requires fully engaged communities who change longstanding habits. By working hand-in-hand with local communities and our partners, AKDN develops programs that make long-lasting change.

SUSTAINABLE DEVELOPMENT TARGETS

Achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations



Implement integrated water resources management at all levels



Support and strengthen the participation of local communities in improving water and sanitation management



Our Impact

Worldwide over **946 million people** lack any sanitation facilities.

In India, the government aims to build **120 million toilets** by 2019.

AKDN, a partner in that effort, helps families **access funding** for toilet construction and develops the **skills and market** for building toilets.

Each year, the AKDN helps **1.3 million people** access safe drinking water, sanitation, and sewage facilities.

Nathej, Gujarat, India

Gauri's Story

In 2014, the government of India set an ambitious target: eliminate defecation in the open by 2019. Gauri Behen is a village health worker in Nathej village in Gujarat. Toilets are rare in her village and personal sanitation is a daily problem, especially for girls. Gauri and her three daughters never had a toilet at home. Going outside, harassment from men was often a problem.

When Gauri's daughters were young, she would walk with them to go where it was safe. As her daughters reached adolescence Gauri took action: she built a toilet with support from the Aga Khan Agency for Habitat.

"For a long time I thought that it would require a lot of space and be very costly," she said. At meetings with AKAH she learned how toilets could be cheap to build and long-lasting.

Having a toilet in the home has made a huge difference. Now when people visit her health center, she says, "I tell them about my experience and how it's made our lives much better."

Gauri's story is part of a larger AKDN project that is improving sanitation in India. It is expected to benefit one million people and contribute to the goal of making India free from open defecation.



Nathej, Gujarat, India

Empowering communities to improve sanitation

Stories like Gauri's are only possible if citizens understand the benefits of toilets and have the money, skills, and materials to build them. The Aga Khan Development Network's multi-input approach works to address all of these factors.



620
households

used community-based interest-free loans in advance of a government subsidy to construct toilets



4,000
units


constructed after an education campaign of community meetings, street plays, and murals increased interest in sanitation

 CHILDREN SING ABOUT SAFE SANITATION



601
masons

were trained to ensure workers able to construct toilets to meet government guidelines are available in rural areas

 INTERVIEW WITH MASON AUDESH KUMAR



100 and **538**
THOUSAND households and schools

are being facilitated in improving water, sanitation, and hygiene

 SHANTI DEVI TALKS ABOUT THE IMPACT OF TOILETS ON HER COMMUNITY

Nathej, Gujarat, India

Comprehensive Water & Sanitation Initiative in Action



Watch an overview of the entire sanitation project, and meet more of the people who are making their villages cleaner, safer and healthier.

This playlist includes interviews and shows the places where this initiative is changing lives.

Watch: **AKDN Comprehensive Water & Sanitation Initiative**

<http://bit.ly/sanitationvideo>

Our Supporters



Local Action for Global Impact

Our volunteers across the country are an invaluable source of awareness and support for our work across Africa and Asia. In 2016 our volunteers broke another record in fundraising by raising \$13.5 million. 100% of donations went to AKF programs to improve quality of life and break the cycle of poverty.



Celebrating our communities

In 2016 we launched [#humansoftheworld](#), a series of inspiring stories that embody the commitment to build a better future both in the communities where we work and among donors who help make that work possible. These stories unite our volunteers, donors, and community partners.

One story featured newlyweds Shehzaan and Zainab Chunara. They generously dedicated their wedding gifts to Aga Khan Foundation, and in October they joined a trip to Tajikistan to meet the communities we have worked closely with for over two decades. They reflected on the Aga Khan Development Network's impact through their impressions from meeting with people. For their story and others in the series, please visit www.akfusa.org/our-stories.



FINANCIALS, PARTNERS, LEADERSHIP AND STAFF

Behind the Scenes

1825 K

PARKIN

EXIT 9

NO
SMOKING
OR
OPEN
FLAMES
OR
FIRE

NO
SMOKING
OR
OPEN
FLAMES
OR
FIRE



A strong year for a growing organization

The Aga Khan Foundation U.S.A.'s overall FY 2016 financial performance continued to be strong. Operating expenses are funded by grants from His Highness the Aga Khan and sponsorships apart from those recovered indirectly from federal grants. No donations from individuals, foundations or corporations are used for operating expenses.

The financial results depicted here are derived from the AKF USA audited consolidated financial statements, performed by BDO USA, LLP. AKF USA's complete audited statement is available at our website in the "About Us" section.



Noordin Moloo
CHIEF FINANCIAL OFFICER

AKF USA is a non-profit, tax-exempt organization under section 501(c)(3) of the Internal Revenue Service code. We are proud to have a 4-star rating from Charity Navigator, America's largest independent evaluator of charities.

NOTES

1. Donations made to AKF USA are generally tax-deductable.
2. AKF USA accepts unconditional donations. Decisions about allocation of resources are made by the Foundation's Board of Directors.
3. Operating expenses are funded from grants from the Foundation's affiliates and other sources of income. Donations from individuals and corporations are not used for this purpose.
4. In conformity with accounting principles generally accepted in the United States of America, this report include contributions pledged by individuals and corporations but not yet received.
5. AKF USA's financial statements are audited by BDO USA, LLP, which is available for review at AKF USA's office or AKF website.

Statement of Financial Position

AS OF DECEMBER 31, 2016 AND DECEMBER 31, 2015

Dollars in Thousands

Assets	2016	2015	Liabilities	2016	2015
Cash and cash equivalents	\$ 29,998	\$ 29,822	LIABILITIES		
Investments	39,736	36,425	Accounts payable and accrued liabilities	\$ 1,961	\$ 3,656
Notes Receivable	14,250	7,500	Payable to affiliates	986	2,572
Accounts receivable and other current assets	70	130	Deferred Rent	83	57
Donor agency receivables	946	4,566	Deferred revenues	3,496	2,268
Receivables from affiliates	3,551	4,362			
Contributions receivable, net	11,732	12,051			
			TOTAL LIABILITIES	6,526	8,554
FIXED ASSETS					
Property held for charitable purposes	94,387	93,689			
Other fixed assets	23	23			
Less accumulated depreciation	(20,111)	(18,637)			
			Net Assets	168,056	161,377
Fixed assets, net	74,299	75,075			
			TOTAL LIABILITIES AND NET ASSETS	\$174,582	\$169,931
TOTAL ASSETS	\$174,582	\$169,931			

Statement of Financial Activity

AS OF DECEMBER 31, 2016 AND DECEMBER 31, 2015

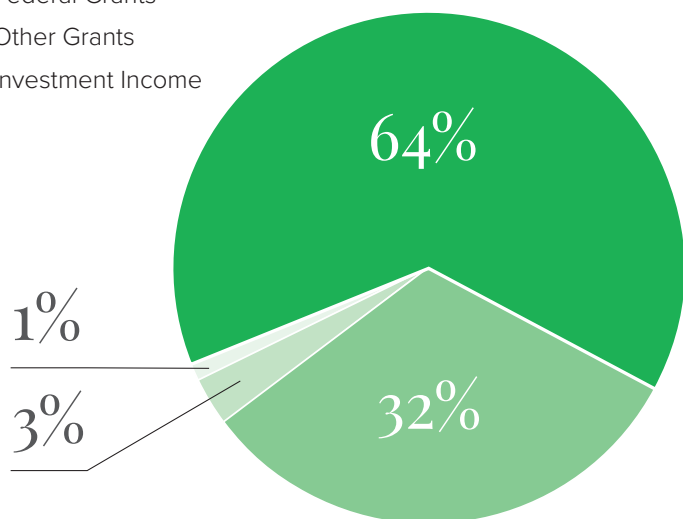
Dollars in Thousands

Revenues	2016	2015	Expenses	2016	2015
Contributions	\$ 26,793	\$ 30,090	Program grants	28,073	41,294
Federal grants	13,323	19,978	GENERAL AND ADMINISTRATIVE EXPENSES		
Other grants	1,314	2,519	Salaries	2,747	2,629
Investment income	409	(474)	Legal, accounting and consulting	192	131
TOTAL REVENUES	\$41,839	\$52,113	Travel	145	167
			Doubtful pledges provision	(51)	245
			General office	222	305
			Taxes & Licenses	621	1,141
			Premises	355	245
			Communications	150	188
			Total general and administrative expenses	4,381	5,052
			Fundraising	1,232	1,153
			Depreciation and amortization	1,474	1,486
			TOTAL EXPENSES	35,160	48,984
			CHANGE IN NET ASSETS	6,679	3,130
			Net assets at beginning of year	161,377	158,247
			Net assets at end of year	\$168,056	\$161,377

Financial Activity

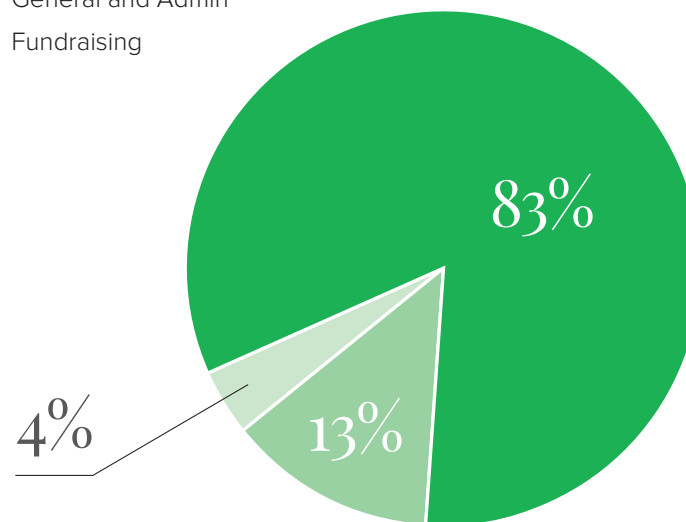
Sources of Funds

- Contributions
- Federal Grants
- Other Grants
- Investment Income



Uses of Funds

- Program Grants
- General and Admin
- Fundraising



Institutional Partners

Each year, government agencies, private foundations, corporations and individuals join with Aga Khan Foundation to support communities across Africa and Asia to build better futures together.

The Foundation's efforts would not be possible without their support. For a list of our partners and supporters, please visit www.akfusa.org/about-us/supporters/

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See our website for full staff list:

<http://www.akfusa.org/about-us/staff/>

Thank you for
your support
in creating a
brighter future!

