

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2017 AND 2016

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Independent Auditor's Report

To the Board of Directors of
Advancing Girls' Education In Africa, Inc.
Washington, D.C.

We have audited the accompanying financial statements of Advancing Girls' Education In Africa, Inc., a non-profit organization, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, 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.

Auditor's 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 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 assessment of risk 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.

Independent Auditor's Report
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advancing Girls' Education In Africa, Inc. as of December 31, 2017 and 2016, 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.

Jane Hanna & McQuade PA

Washington, D.C.
May 23, 2018

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 46,057	\$ 54,981
Grants and contributions receivable	76,494	147,222
Prepaid expenses	4,293	5,394
Total Current Assets	126,844	207,597
NON-CURRENT ASSETS		
Furniture and equipment, net	15,141	19,762
Security deposits	1,125	1,090
Total Non-Current Assets	16,266	20,852
TOTAL ASSETS	\$ 143,110	\$ 228,449
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 11,957	\$ 11,060
Accrued expenses	6,460	4,228
Total Liabilities	18,417	15,288
NET ASSETS		
Unrestricted	11,553	18,852
Temporarily restricted	113,140	194,309
Total Net Assets	124,693	213,161
TOTAL LIABILITIES AND NET ASSETS	\$ 143,110	\$ 228,449

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

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 235,306	\$ 92,500	\$ 327,806
Fundraising events	84,511	-	84,511
In-kind contributions	2,406	-	2,406
Interest and other income	1,043	-	1,043
Net assets released from restrictions	173,669	(173,669)	-
Total Revenue and Support	496,935	(81,169)	415,766
EXPENSES			
Program Services:			
Scholarships and mentoring	76,000	-	76,000
CHATS girls clubs	182,147	-	182,147
Program development, partnerships, monitoring and evaluation	128,697	-	128,697
Post-secondary transitions programming	13,282	-	13,282
Total Program Services	400,126	-	400,126
Support Services:			
General and administrative	61,393	-	61,393
Fundraising	45,808	-	45,808
Total Support Services	107,201	-	107,201
Total Expenses	507,327	-	507,327
CHANGE IN NET ASSETS FROM OPERATIONS	(10,392)	(81,169)	(91,561)
OTHER CHANGES			
Gain on foreign currency exchange	3,093	-	3,093
CHANGE IN NET ASSETS	(7,299)	(81,169)	(88,468)
NET ASSETS, beginning of year	18,852	194,309	213,161
NET ASSETS, end of year	\$ 11,553	\$ 113,140	\$ 124,693

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

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 254,310	\$ 142,303	\$ 396,613
Fundraising events	97,202	-	97,202
Interest and other income	62	-	62
Net assets released from restrictions	241,586	(241,586)	-
Total Revenue and Support	<u>593,160</u>	<u>(99,283)</u>	<u>493,877</u>
EXPENSES			
Program Services:			
Scholarships and mentoring	78,139	-	78,139
CHATS girls clubs	197,183	-	197,183
Program development, partnerships, monitoring and evaluation	118,636	-	118,636
Post-secondary transitions programming	10,292	-	10,292
Total Program Services	<u>404,250</u>	<u>-</u>	<u>404,250</u>
Support Services:			
General and administrative	70,354	-	70,354
Fundraising	135,466	-	135,466
Total Support Services	<u>205,820</u>	<u>-</u>	<u>205,820</u>
Total Expenses	<u>610,070</u>	<u>-</u>	<u>610,070</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(16,910)	(99,283)	(116,193)
OTHER CHANGES			
Loss on foreign currency exchange	<u>(2,726)</u>	<u>-</u>	<u>(2,726)</u>
CHANGE IN NET ASSETS	(19,636)	(99,283)	(118,919)
NET ASSETS, beginning of year	<u>38,488</u>	<u>293,592</u>	<u>332,080</u>
NET ASSETS, end of year	<u>\$ 18,852</u>	<u>\$ 194,309</u>	<u>\$ 213,161</u>

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

ADVANCING GIRLS EDUCATION IN AFRICA, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	PROGRAM SERVICES				SUPPORT SERVICES			
	Scholarships and Mentoring	CHATS Girls Clubs	Program Development, Partnerships, Monitoring and Evaluation	Post-Secondary Transitions Programming	Total Program Services	General and Administrative	Fundraising	Total
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,317	\$ -	\$ 20,317
Bank fees	26	36	1,570	-	1,632	588	3,930	6,150
Depreciation	-	-	-	-	-	6,114	-	6,114
Employee benefits	3,802	26,276	10,600	1,176	41,854	60	352	42,266
Equipment	-	-	48	-	48	-	-	48
Events	-	-	-	-	-	-	5,458	5,458
Insurance	-	-	2,952	-	2,952	4,485	-	7,437
Licenses and fees	-	-	3,100	-	3,100	998	3,219	7,317
Meetings and conferences	429	872	1,406	-	2,707	1,019	52	3,778
Miscellaneous	-	-	-	-	-	48	-	48
Partners - grant expense	-	55	-	-	55	-	-	55
Payroll taxes	677	1,145	3,215	589	5,626	1,481	1,960	9,067
Postage	-	7	-	9	16	349	1,204	1,569
Printing	5	180	101	-	286	175	2,416	2,877
Professional fees	1,606	3,237	208	-	5,051	878	-	5,929
Recruitment	-	-	-	-	-	140	-	140
Rent	1,672	5,003	6,171	776	13,622	2,725	3,231	19,578
Repairs and maintenance	-	-	3,140	-	3,140	-	-	3,140
Salaries	14,992	86,726	63,753	8,718	174,189	19,678	22,504	216,371
Stipends	-	12,173	-	-	12,173	-	-	12,173
Supplies	3	392	3,707	-	4,102	296	211	4,609
Telephone	1,996	5,712	2,506	7	10,221	1,815	-	12,036
Travel - Stakeholder	3,087	6,734	243	-	10,064	-	-	10,064
Travel - in-kind	-	-	2,406	-	2,406	-	-	2,406
Travel - Staff	2,348	8,696	23,016	-	34,060	227	1,271	35,558
Travel - Students	5,427	22,402	402	152	28,383	-	-	28,383
Tuition and supplies	39,930	2,501	-	1,855	44,286	-	-	44,286
Utilities	-	-	153	-	153	-	-	153
Total Expenses	\$ 76,000	\$ 182,147	\$ 128,697	\$ 13,282	\$ 400,126	\$ 61,393	\$ 45,808	\$ 507,327

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

ADVANCING GIRLS EDUCATION IN AFRICA, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	PROGRAM SERVICES					SUPPORT SERVICES			Total
	Scholarships and Mentoring	CHATS Girls Clubs	Program Development, Partnerships, Monitoring and Evaluation	Post-Secondary Transitions Programming	Total Program Services	General and Administrative	Fundraising		
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,762
Advertising	42	-	-	-	42	-	-	-	42
Bank fees	-	-	1,433	-	1,433	280	12	-	1,725
Depreciation	974	1,095	2,056	325	4,450	1,528	-	-	5,978
Employee benefits	3,754	23,799	9,331	838	37,722	4	-	-	37,726
Equipment	-	-	639	-	639	-	-	-	639
Events	-	-	-	-	-	-	-	8,939	8,939
Insurance	-	-	1,533	-	1,533	5,299	-	-	6,832
Licenses and fees	-	89	2,054	-	2,143	1,728	2,876	-	6,747
Meetings and conferences	363	1,650	2,301	188	4,502	949	707	-	6,158
Miscellaneous	-	-	-	-	-	1,329	-	-	1,329
Payroll taxes	104	1,406	2,740	84	4,334	1,780	7,294	-	13,408
Postage	-	-	220	2	222	126	1,702	-	2,050
Printing	-	273	309	7	589	596	3,515	-	4,700
Professional fees	935	4,318	1,322	-	6,575	4,884	18,250	-	29,709
Recruitment	-	-	116	-	116	90	-	-	206
Rent	616	4,136	3,631	139	8,522	1,764	7,901	-	18,187
Repairs and maintenance	64	6	5,283	-	5,353	-	-	-	5,353
Salaries	12,246	80,838	56,838	3,739	153,661	18,237	81,210	-	253,108
Stipends	-	12,958	-	-	12,958	-	-	-	12,958
Supplies	135	988	2,558	-	3,681	646	61	-	4,388
Telephone	1,416	4,728	3,786	108	10,038	2,420	111	-	12,569
Travel - Stakeholder	3,147	23,710	1,877	2,656	31,390	-	-	-	31,390
Travel - Staff	2,425	10,976	20,257	478	34,136	932	2,888	-	37,956
Travel - Students	10,493	11,901	234	18	22,646	-	-	-	22,646
Tuition and supplies	41,425	14,312	17	1,710	57,464	-	-	-	57,464
Utilities	-	-	101	-	101	-	-	-	101
Total Expenses	\$ 78,139	\$ 197,183	\$ 118,636	\$ 10,292	\$ 404,250	\$ 70,354	\$ 135,466	\$ -	\$ 610,070

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

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (88,468)	\$ (118,919)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities		
Depreciation	6,114	5,978
Decrease (increase) in assets:		
Grants and contributions receivable	70,728	92,560
Accounts receivable	-	6,657
Prepaid expenses	1,101	(47)
Security deposits	(35)	(30)
Increase (decrease) in liabilities:		
Accounts payable	897	3,476
Accrued expenses	2,232	(751)
Net Cash Used for Operating Activities	(7,431)	(11,076)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(1,493)	(2,705)
Net Cash Used for Investing Activities	(1,493)	(2,705)
NET DECREASE IN CASH	(8,924)	(13,781)
CASH, Beginning of year	54,981	68,762
CASH, End of year	\$ 46,057	\$ 54,981

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

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE A – NATURE OF ORGANIZATION

Advancing Girls' Education In Africa, Inc. (“AGE Africa”) is a non-profit organization that was incorporated in the state of Maryland, and has offices in Washington, D.C. and Malawi. AGE Africa’s mission is to provide life-changing opportunities to young women in Malawi through targeted initiatives in education, mentoring, and leadership development. AGE Africa operates in multiple districts of Malawi’s southern region, providing scholarships for girls to attend secondary school, wrap around extracurricular programming to support girls’ success both in and out of school, and post-secondary transitions planning for recent graduates.

Program Services

AGE Africa’s program services encompass a multi-pronged approach that ensures that disadvantaged young women in Malawi have the resources to complete secondary school, as well as the knowledge to access opportunities beyond high school, and to self-advocate for their own life choices. Program services are as follows:

Scholarships and Mentoring – Annually AGE Africa supports comprehensive scholarships for girls to attend public secondary schools in Malawi. In 2017 and 2016, AGE Africa’s scholarship programs supported 221 comprehensive scholarships for needy girls at approximately 24 public secondary schools across five districts in Malawi’s southern region. Additionally, AGE Africa’s scholars receive access to AGE Africa’s extracurricular program, CHATS, throughout the school year, and attend an annual week-long girl empowerment retreat where they engage in intensive leadership workshops and cultivate important peer communities of support. Whereas less than 6% of Malawian women hold a high school diploma, nearly 90% of AGE Africa scholars complete four years of high school, and 50% go on to pursue tertiary education.

CHATS (Creating Healthy Approaches to Success) Girls Club – AGE Africa’s flagship extracurricular program provides sexual and reproductive health education, gender based violence awareness and prevention, gender rights education, career guidance and leadership development training to help improve health and academic outcomes for girls. CHATS is delivered as weekly after school Girls’ Clubs at each participating school partner. AGE Africa works closely with the Malawi Ministry of Education, Science and Technology to deliver CHATS Girls Clubs at 24 rural government schools in Zomba, Machinga, Balaka, Mangochi, and Mulanje Districts serving approximately 2,100 girls in 2017 and 1,600 girls in 2016. Additionally, nearly half of the girls received facilitation training, aimed at making CHATS more in-depth, interactive, and action-oriented.

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE A – NATURE OF ORGANIZATION – continued

Program Services – continued

Program Development, Partnerships, and Monitoring and Evaluation – AGE Africa is further developing its programs, partnerships, and evaluation systems. In 2017, AGE Africa created a mentorship program that engages alumnae mentors on a two year fellowship program to support CHATS students at eight schools. AGE Africa also increased the number of Boys CHATS clubs to five schools and continued training girls in solar installation. AGE Africa continued its membership in the National Girls Education Network and remains CHAIR for the Southern Region Chapter of the Council for Non-Governmental Organizations. AGE Africa continues to develop deep community-by-community relationships to improve grassroots support of girls' education and continues to refine evaluation data collection techniques and metrics.

Post-Secondary Transitions – Supports new graduates and current alumnae to build critical work skills and access ongoing educational, career and entrepreneurship opportunities. In 2017 and 2016, AGE Africa supported 26 and 30, respectively, alumnae through a variety of activities including application support to higher education, living stipends and starter-packs for new university entrants. AGE Africa also launched an alumni network with more than 40 members.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Therefore, revenues and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Financial Statement Presentation

Financial statement presentation follows Financial Standards Accounting Board (“FASB”) Accounting Standards Codification (“ASC”) Topic *Not-for-Profit Entities*. In accordance with the topic, AGE Africa is required to report information regarding its financial position and activities according to three classes of net assets.

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Presentation – continued

Accordingly, the net assets of AGE Africa and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of AGE Africa and/or the passage of time.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by AGE Africa. There were no permanently restricted net assets as of December 31, 2017 and 2016.

Grants, Contributions, and Accounts Receivable

Grants, contributions, and accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes all grants, contributions and accounts receivable are fully collectible within one year or less; therefore, an allowance for uncollectible accounts was not established as of December 31, 2017 and 2016.

Furniture and Equipment

Furniture and equipment are recorded at cost. Expenditures that extend the life of an asset are capitalized over \$500 while repairs and maintenance are expensed. Depreciation expense for furniture and equipment is provided on a straight-line basis over the estimated useful lives of the assets which is typically three years.

Grants and Contributions

Unconditional grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Use of 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 amount of assets and liabilities and disclosure of contingent 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.

In-Kind Contributions

In-kind contributions represent food and travel and are recorded at fair value of the goods received. For the years ended December 31, 2017 and 2016, the total amount recorded was \$2,406 and \$0, respectively. No volunteer services are recorded.

Functional Allocation of Expenses

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

Foreign Currency Translation

The U.S. dollar is the functional currency used in the preparation of the annual financial statements for AGE Africa. All assets and liabilities reported in foreign currencies at year-end have been translated to U.S. dollars using the exchange rate in effect at year-end.

NOTE C – INCOME TAXES

AGE Africa is a 501(c)(3) organization exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code, except on unrelated business income. AGE Africa is not considered a private foundation. No provision for income taxes has been made in the accompanying financial statements.

AGE Africa believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE C – INCOME TAXES – continued

AGE Africa's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. AGE Africa's information returns for the years 2014 through 2016 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture	\$ 6,085	\$ 4,592
Equipment	25,470	25,470
	<u>31,555</u>	<u>30,062</u>
Less: accumulated depreciation	(16,414)	(10,300)
Furniture and Equipment, Net	<u>\$ 15,141</u>	<u>\$ 19,762</u>

Depreciation expense totaled \$6,114 and \$5,978 respectively, for the years ended December 31, 2017 and 2016.

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Scholarships	\$ 25,000	\$ 25,000
<i>CHATS</i>	88,140	164,309
Time restricted	-	5,000
Total	<u>\$ 113,140</u>	<u>\$ 194,309</u>

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE F – OPERATING LEASE

AGE Africa leases office space in Washington, D.C. under an annual lease agreement that commenced in August 2016 and terminates in January 2018. Monthly payments in 2017 and 2016 were \$1,125 and \$1,090, respectively. Future minimum lease payments for 2018 total \$1,125.

In addition, AGE Africa rents an office in Malawi and subsidizes rent for employee housing particularly in the most remote districts of operation.

Rent expense for the years ended December 31, 2017 and 2016 totaled \$19,578 and \$18,187, respectively.

NOTE G – PENSION PLAN

AGE Africa established a pension fund for employees in Malawi effective November 2014. Each employee whose salary is at least the equivalent of \$30 monthly is eligible to participate in the pension fund. Participants contribute a minimum of 5% of salary up to the maximum allowable amount, and AGE Africa contributes 10% of participants' eligible salary to the pension fund. Pension expense for the years ended December 31, 2017 and 2016 totaled \$12,350 and \$10,806, respectively.

NOTE H – SUBSEQUENT EVENTS

In preparing these financial statements, AGE Africa's management has evaluated events and transactions for potential recognition or disclosure through May 23, 2018 the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.