VillageReach
Starting at the Last Mile

Consolidated Financial Statements

For the Year Ended September 30, 2022

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Clark Nuber PS

Independent Auditor's Report

To the Board of Directors
VillageReach and Subsidiary
Seattle, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of VillageReach and Subsidiary (collectively, the Organization), which comprise the consolidated statements of financial position as of September 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flow for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the Standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Clark Nuber PS

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Clark Nuber P.S.

Certified Public Accountants
February 8, 2023

VILLAGEREACH AND SUBSIDIARY

Consolidated Statement of Financial Position
September 30, 2022
(With Comparative Totals for 2021)

	2022	2021
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,517,564	$ 11,832,287
Contracts and grants receivable	2,694,860	3,073,842
Prepaid expenses	515,686	276,946
Total Current Assets	**4,728,110**	**15,183,075**
Deposits	41,806	40,913
Investments	25,829,621	
Property plant and equipment, net	535,100	224,970
Total Assets	**$ 31,134,637**	**$ 15,448,958**
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	$ 2,017,700	$ 1,899,785
Deferred revenue		92,503
Total Liabilities	**2,017,700**	**1,992,288**
Net Assets:		
Without donor restrictions	20,415,703	2,429,450
With donor restrictions	8,701,234	11,027,220
Total Net Assets	**29,116,937**	**13,456,670**
Total Liabilities and Net Assets	**$ 31,134,637**	**$ 15,448,958**

See accompanying notes.

VILLAGEREACH AND SUBSIDIARY

Consolidated Statement of Activities
For the Year Ended September 30, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Operating Activities				
Public Support and Revenue:				
Public support-				
Contributions and grants	$ 23,733,545	$ 10,791,457	$ 34,525,002	$ 22,047,821
Net assets released from restrictions	13,164,278	(13,164,278)		
Total public support	36,897,823	(2,372,821)	34,525,002	22,047,821
Contract revenue	3,463,187		3,463,187	3,368,569
Gain on Paycheck Protection Program loan				741,067
Investment return (loss), net	(208,410)	46,835	(161,575)	829
Other income	202		202	1,096
Total Public Support and Revenue	**40,152,802**	**(2,325,986)**	**37,826,816**	**26,159,382**
Expenses:				
Program services	17,723,627		17,723,627	19,196,048
Supporting services-				
Management and general	3,984,539		3,984,539	3,357,970
Fundraising	232,190		232,190	194,068
Total supporting services	4,216,729		4,216,729	3,552,038
Total Expenses	**21,940,356**		**21,940,356**	**22,748,086**
Change in Net Assets From Operating Activities	**18,212,446**	**(2,325,986)**	**15,886,460**	**3,411,296**
Nonoperating Activities				
Loss on receivable from VidaGas, net				(142,857)
Loss on foreign currency exchange	(226,193)		(226,193)	(215,546)
Change in Net Assets From Nonoperating Activities	**(226,193)**		**(226,193)**	**(358,403)**
Change in Net Assets	**17,986,253**	**(2,325,986)**	**15,660,267**	**3,052,893**
Net assets, beginning of year	2,429,450	11,027,220	13,456,670	10,403,777
Net Assets, End of Year	**$ 20,415,703**	**$ 8,701,234**	**$ 29,116,937**	**$ 13,456,670**

See accompanying notes.

VILLAGEREACH AND SUBSIDIARY

Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2022
(With Comparative Totals for 2021)

	Program Services	Management and General	Fundraising	2022 Total	2021 Total
Salaries	$ 7,954,468	$ 1,960,647	$ 150,230	$ 10,065,345	$ 8,157,809
Employee benefits and payroll taxes	1,981,871	823,041	60,092	2,865,004	2,514,220
Total Salaries and Related Expenses	**9,936,339**	**2,783,688**	**210,322**	**12,930,349**	**10,672,029**
Subagreements	1,595,642			1,595,642	7,333,948
Professional fees	1,909,546	195,588	4,870	2,110,004	1,673,489
Travel and lodging	1,241,775	136,655		1,378,430	760,220
Contract labor	519,710	290,081		809,791	401,900
Computer related services and supplies	235,574	170,865	4,876	411,315	347,394
Vehicles	243,954	1,128		245,082	243,298
Occupancy	273,626	88,041		361,667	240,333
Bank charges and service fees	247,335	11,867	2,951	262,153	184,923
Telephone	153,053	9,341		162,394	139,301
Supplies	369,809	5,437	26	375,272	117,936
Insurance	57,927	92,183		150,110	111,636
Staff training and education	60,086	6,838	158	67,082	87,688
Taxes and licenses	54,145	8,610		62,755	74,464
Depreciation		97,275		97,275	70,393
Meals and entertainment	161,721	11,859	423	174,003	54,503
Postage and mailing	20,471	4,604	300	25,375	46,471
Advertising	59,797	6,134	605	66,536	44,991
Repairs and maintenance	248,701	1,516		250,217	39,026
Dues and subscriptions	12,307	52,125	4,735	69,167	37,699
Printing and publications	69,295	4,512	2,924	76,731	28,035
Conferences	126,139	6,192		132,331	19,418
Miscellaneous	1,148			1,148	18,991
Bad debt	125,527			125,527	
2022 Total Expenses	**$ 17,723,627**	**$ 3,984,539**	**$ 232,190**	**$ 21,940,356**	
2021 Total Expenses	**$ 19,196,048**	**$ 3,357,970**	**$ 194,068**		**$ 22,748,086**

See accompanying notes.

VILLAGEREACH AND SUBSIDIARY

Consolidated Statement of Cash Flows
For the Year Ended September 30, 2022
(With Comparative Totals for 2021)

	2022	2021
Cash Flows From Operating Activities:		
Change in net assets	$ 15,660,267	$ 3,052,893
Adjustments to reconcile change in net assets to		
net cash provided by operating activities-		
Depreciation	97,275	70,393
Gain on Paycheck Protection Program loan		(741,067)
Loss on receivable from VidaGas		142,857
Fixed asset revaluation adjustments	(3,187)	
Realized and unrealized loss on investments, net	440,281	
Cash provided (used) by changes in operating assets and liabilities:		
Contracts and grants receivable	378,982	2,131,346
Prepaid expenses	(238,740)	(49,021)
Deposits	(893)	(18,279)
Accounts payable and accrued expenses	117,915	(86,032)
Deferred revenue	(92,503)	20,849
Deferred rent		(22,903)
Net Cash Provided by Operating Activities	**16,359,397**	**4,501,036**
Cash Flows From Investing Activities:		
Purchases of fixed assets	(404,218)	(136,377)
Purchase of investments	(37,296,943)	
Proceeds from sale of Investments	11,027,041	
Net Cash Used in Investing Activities	**(26,674,120)**	**(136,377)**
Net Change in Cash and Cash Equivalents	**(10,314,723)**	**4,364,659**
Cash and cash equivalents balance, beginning of year	11,832,287	7,467,628
Cash and Cash Equivalents Balance, End of Year	**$ 1,517,564**	**$ 11,832,287**
Supplementary Information:		
Noncash investing and financing activity-		
Loss on receivable from VidaGas	$ -	$ (142,857)
Gain on Paycheck Protection Program loan	$ -	$ 741,067

See accompanying notes.

Note 1 - Organization and Summary of Accounting Policies

Organization - VillageReach, along with its Subsidiary (collectively, the Organization) is a global nonprofit organization operating in Seattle, Washington, and multiple countries throughout Sub-Saharan Africa, including Mozambique, Malawi, Democratic Republic of Congo, South Africa, Tanzania, Cote d'Ivoire, Liberia, Kenya, Zimbabwe and Nigeria. The Organization's mission is to save lives and improve health by increasing access to quality healthcare for the most underserved communities. The Organization partners with governments, businesses, nonprofits and other organizations to improve health system performance and fill gaps in supporting infrastructure at the service delivery level or "last mile" in rural areas through health system strengthening, developing and deploying information communications technologies, and establishing and growing social businesses that support the health system.

Consolidation - The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting under accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements include the accounts of VillageReach and its controlled subsidiary, VillageReach RDC ABSL, an organization registered as a Nongovernmental Organization in Democratic Republic of Congo. All inter-entity accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents - The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Contracts and Grants Receivable - Contracts and grants receivable are recorded at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contracts and grants receivable. Management has recorded an allowance for doubtful accounts of $125,527 and $0 as of September 30, 2022 and 2021.

Fixed Assets - The Organization capitalizes assets with a cost equal to or greater than $5,000 and an estimated useful life of one or more years. Depreciation is computed utilizing the straight-line method based on estimated useful lives of three to five years for equipment, software, vehicles, furniture and fixtures. Leasehold improvements are depreciated over the shorter of their useful life or lease term. The costs of repairs and maintenance are expensed as incurred. The costs of improvements and acquisitions are capitalized. Contributed property and equipment are recorded at fair value at the date of donation.

Net Assets - Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

> Net Assets Without Donor Restrictions - Net assets that are not subject to externally-imposed restrictions.
>
> Net Assets With Donor Restrictions - Net assets subject to externally-imposed stipulations that will be met either by actions of the Organization or the passage of time.

Note 1 - Continued

Investments - Investments in debt and equity securities with readily determinable market values are recorded at fair value. The fair value of investments in securities traded on national securities exchanges are stated at the closing price on the last business day of the fiscal year. The fair value of pooled investment accounts is determined by the pooled investment manager based on each investor's proportional share of the investment pool, which holds primarily publicly traded securities. Net realized and unrealized gains and losses on investments is presented on the statement of activities, with respect to any donor restrictions. Investment return is presented net of related internal and external fees.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. However, revenue from conditional grants from the U.S. federal government are recognized as increases to net assets without donor restrictions at the time the conditions are satisfied.

Revenue Recognition - Revenue is recognized as follows:

Contributions and Grants - Unconditional contributions and grants are recognized in the period received. A contribution or grant is considered conditional when it has both a right of return/release of funds and barriers to entitlement. Conditional contributions and grants are recognized in the period in which the conditions are met. Payments received for conditional contributions and grants before the conditions are satisfied are recorded as deferred revenue. Outstanding conditional contributions and grants for which no advance payments have been received totaled $11,098,808 as of September 30, 2022, and the Organization expects to satisfy the conditions over the next four years. Outstanding conditional contributions and grants for which no advance payments had been received totaled $13,296,503 as of September 30, 2021, and the Organization will satisfy the conditions over the next five years.

Contract Revenue - Revenue from contracts with customers is recognized at the time the Organization has fulfilled its performance obligation. Revenue from contracts based on time and materials is recognized over a period of time as costs are incurred. Revenue from contracts based on milestones or deliverables is recognized at the point in time at which the milestone is achieved or the deliverable is completed. Certain contracts based on milestones or deliverables entitle the Organization to partial compensation should the contract be cancelled prior to completion. Amounts to which the Organization would be entitled (contract assets) or obligated to perform (contract liabilities) are immaterial as of both September 30, 2022 and 2021.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited. It is the policy of the Organization to allocate costs directly whenever costs are identifiable to specific programs or supporting service. Costs that are not directly identifiable to a specific function are allocated based on utilization. These costs are primarily personnel expenses and are allocated based on labor utilization.

Operating and Nonoperating Activities - Operating activities represent all sources of revenue and expenses except those designated as nonoperating. Nonoperating activities consist of gains and losses related to foreign currency exchange, the sale of fixed assets and the loss related to the receivable from VidaGas (Note 2).

Note 1 - Continued

Sub-Agreements and Sub-Contracts - In connection with projects funded through awards and contributions, the Organization works with collaborating partners. The Organization awards sub-agreements and sub-contracts to collaborating partners for these projects. The sub-agreements and sub-contracts are generally conditional and are recorded as expense in the period the conditions have been met. The Organization has outstanding sub-award commitments totaling approximately $2,059,709 and $210,700 as of September 30, 2022 and 2021, respectively.

Tax Exempt - The Internal Revenue Service has notified VillageReach that it is classified as a Section 501(c)(3) organization under the Internal Revenue Code (IRC) and has been classified as an organization that is not a private foundation under Section 501(a) of the IRC. It is exempt from U.S. federal income tax except for any unrelated business income. VillageReach RDC ABSL, registered as a Nongovernmental Organization in Democratic Republic of Congo, has been granted tax exemption for two years through August 2023. The Organization is registered as Nongovernmental Organizations in Mozambique, Malawi, Cote d'Ivoire, Liberia and Tanzania, and as an external company in South Africa. These locations are considered branch offices of the Organization. The Organization submits tax returns as required in the various countries in which it operates.

Concentrations and Credit Risk - Financial instruments that potentially subject Organization to concentrations of credit risk consist of cash and cash equivalents and investment balances. The Organization has established guidelines relative to diversification that seek to maintain safety and liquidity. Cash and cash equivalent and investment balances exceed federally insured amounts during the year. Investment securities, in general, are exposed to various risks, including interest rate, credit and overall market volatility. It is reasonably possible that changes in the values of investments will occur in the near term, and such changes could materially affect the amounts reported in the statement of financial position.

For the year ended September 30, 2022, the Organization received 74% of its total revenue from two entities. On September 30, 2022, 84% of total contracts, grants receivable were from five entities, of which 23% was due from a United States Federal Agency.

For the year ended September 30, 2021, the Organization received 71% of its total revenue from two entities, of which 33% was received from a United States Federal Agency. At September 30, 2021, 44% of total contracts, grants and loans receivable were from two entities, of which 25% was due from a United Stated Federal Agency.

For the year ended September 30, 2021, the Organization received 71% of its total revenue from two entities, of which 33% was received from a United States Federal Agency. On September 30, 2021, 44% of total contracts, grants receivable were from two entities, of which 26% was due from a United Stated Federal Agency.

Foreign Operations and Foreign Currency Translation - The functional currencies of the Organization's foreign operations are the local currencies. Substantially all assets and liabilities of the Organization that are held in foreign countries have been translated using the exchange rates in effect at the consolidated statement of financial position date. Revenues, expenses, gains and losses have been translated using the month-end exchange rates. For the years ended September 30, 2022 and 2021, the Organization recognized foreign currency translation losses of $226,193 and $215,546, respectively.

As of September 30, 2022 and 2021, the Organization held $701,485 and $343,406 of cash and cash equivalents in foreign countries, of which $36,926 and $133,349 was in foreign currencies, respectively. Repatriation of funds restrictions may exist in a small number of foreign currency accounts. The Organization has not experienced any losses in such accounts from the repatriation of funds and closely monitors its cash and investments. Therefore, management believes the Organization is not exposed to any significant credit risk on cash and equivalents.

Note 1 - Continued

Use of Estimates - The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Information for Prior Year - The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

Subsequent Events - The Organization has evaluated subsequent events through February 8, 2023, the date on which the financial statements were approved and authorized for issuance by management and determined there were no events requiring disclosure.

Note 2 - Investment in VidaGas

The Organization had a 29% ownership in VidaGas, a for-profit liquid propane supplier formed in 2002 in Mozambique. An additional 40% was owned by Oasis Capital Limited, and the remaining 31% was owned by a local nongovernmental organization (Foundation for Community Development) that partners with the Organization in its mission to improve health care access in Mozambique. The partnership was formed because of the importance of a ready supply of liquid propane for the distribution and storage of vaccines. It is considered an extension of the Organization's mission in Mozambique. Propane sales are made to the public.

The investment in VidaGas was accounted for under the equity method in the financial statements of the Organization. The net profits, net losses, and credits of VidaGas were allocated 29% to the Organization and 71% to the remaining partners in accordance with the partnership agreement. In January 2015, the Organization loaned $66,000 in addition to its 29% ownership interest.

The Organization's 29% ownership, along with that of Oasis Capital's 40% ownership were sold on May 11, 2018, to Vida Energy Ltd. The Organization's gross proceeds from the sale were $719,796, which resulted in a realized gain on the sale of $642,290, less $101,282 for capital gains tax and $28,571 for an allowance related to the anticipated timing of the payments. The net gain of $512,437 was recognized as a nonoperating realized gain during the year ended September 30, 2018. As of September 30, 2021, the investment was fully written off and a loss of $142,858 was reported on the consolidated statements of activities as nonoperating.

Note 3 - Investments

Investments consisted of the following at September 30, 2022:

Commerical Paper	$ 3,282,217
Fixed Income	22,547,404
Total Investments	**$ 25,829,621**

Note 3 - Continued

Investment return for the year ended September 30, 2022 was as follows:

Unrealized loss	$ (430,051)
Interest and dividends	258,246
Realized gain	10,230
Total Investment Return	**$ (161,575)**

Note 4 - Fair Value Measurements

Investment return utilized for specific awards is included in investment return on the consolidated statement of activities and changes in net assets.

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset. Valuation techniques utilized to determine fair value are consistently applied.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022.

Commercial Paper - Commercial paper includes money market funds valued at cost plus accrued interest, which approximates fair value.

US Treasury Securities and Government Bonds - Valued at the closing price reported on the active market on which the securities are traded.

Corporate Bonds - Valued at the closing price reported on the active market on which the securities are traded.

Fair Values Measured on a Recurring Basis - Fair values of assets measured on a recurring basis were as follows:

	Fair Value Measurements at September 30, 2022			
	Level 1	Level 2	Level 3	Total
Commercial Paper	$ 3,282,217	$ -	$ -	$ 3,282,217
U.S Treasury Securities and Government Bonds	11,287,874			11,287,874
Corporate Bonds		11,259,530		11,259,530
Total Investments at Fair Value	**$ 14,570,091**	**$ 11,259,530**	**$ -**	**$ 25,829,621**

Note 5 - Fixed Assets

Fixed assets consisted of the following as of September 30:

	2022	2021
Vehicles	$ 789,285	$ 557,909
Software	548,576	444,998
Furniture and fixtures	100,710	101,012
Leasehold improvements	48,943	62,563
Equipment	88,782	46,744
Total fixed assets	1,576,296	1,213,226
Less accumulated depreciation	(1,041,196)	(988,256)
Fixed Assets, Net	**$ 535,100**	**$ 224,970**

Note 6 - Net Assets Without Donor Restrictions

The Organization’s net assets without donor restrictions are as follows as of September 30:

	2022	2021
Undesignated	$ 17,915,703	$ 1,679,450
Board designated operating reserve	2,500,000	750,000
Total Net Assets Without Donor Restrictions	**$ 20,415,703**	**$ 2,429,450**

Note 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of September 30:

	2022	2021
Specific Purpose		
Immunization supply chain	$ 4,742,688	$ 5,778,043
NexGen supply chain	2,505,583	
COVID-19 response		2,308,151
Sustained Impact	559,177	1,372,100
Drones for health	578,911	528,274
Supply chain for CHWs	181,657	465,832
OpenLMIS	5,716	433,680
Hotline center by phone	127,502	141,140
Total Net Assets With Donor Restrictions	**$ 8,701,234**	**$ 11,027,220**

Note 7 - Continued

Net assets released from restriction totaled $13,164,278 and $9,032,951 during the years ended September 30, 2022 and 2021, respectively, as the program or purpose restrictions had been satisfied.

Note 8 - Leases

The Organization has a lease agreement for two suites in Seattle, Washington that commenced in August 2021 with rental payments beginning on January 1, 2022. The term for one suite is for ten months that ended June 30, 2022. The term for the second suite is for 64 months ending December 31, 2026. The lease may be renewed for one additional two-year term. The lease includes rent payments of between $9,900 and $11,058 per month.

Rent expense for the Seattle, Washington office, recorded on the straight line basis, totaled $103,484 and $116,345 for each of the years ended September 30, 2022, and 2021, and is included in occupancy expense.

Future minimum lease payments under the noncancelable lease are as follows:

For the Year Ending September 30,	
2023	$ 106,969
2024	109,643
2025	112,386
2026	115,191
Thereafter	28,974
	$ 473,163

The Organization has entered into lease agreements for office space located in several countries in which it works. The leases are generally for terms of one to two years, and several are cancellable. Monthly rent under these leases is between $366 to $3,200. Rent expense for these leases totaled $160,058 and $113,188 for the years ended September 30, 2022 and 2021, respectively.

Note 9 - Retirement Plans

The Organization has a 401(k) retirement plan that covers all U.S. based employees and U.S. citizens employed in foreign offices who are at least 21 years of age with at least three months of service. The Organization matches 100% of each participant's contribution up to a maximum of 3% of eligible compensation and 50% of each participant's contribution on the next 2% of eligible compensation, up to a maximum of 4% or the IRC limitation for a safe-harbor matching contribution. Total matching contributions for the plan totaled $253,161 and $233,451 for the years ended September 30, 2022 and 2021, respectively.

The Organization has an established nonqualified 457(b) deferred compensation plan that is covered under section 457 of the IRC. Only employees specifically designated by the Board of Trustees are eligible. The maximum salary deferral under this plan in calendar year 2022 was $20,500, with "catch-up" provisions allowing $6,500 additional deferrals for participants over 50 years old. There are no matching provisions. The nonqualified deferred compensation plan is administered by the Organization.

Note 9 - Continued

During 2017, the Organization established an international defined contribution retirement plan for third world country national employees in foreign offices. All such employees are required to become members of and contribute 5% of gross earnings to the plan with a mandatory Organization match of 100%. The Organization's contributions to the plan totaled $80,901 and $59,470 for the years ended September 30, 2022 and 2021, respectively.

The Malawi Parliament adopted a bill establishing a national pension fund to which employers and employees make periodic, mandatory pension contributions. Employers are required to make contributions for individuals employed for at least 12 months. Employer contributions totaled $73,240 and $52,214 for the years ended September 30, 2022 and 2021, respectively.

Note 10 - Commitments and Contingencies

Potential Disallowed Costs - Expenses incurred under certain programs are subject to audit by the awarding entities. If, because of such audit, certain expenses incurred are determined to be nonreimbursable, the Organization may be obligated to repay the disallowed expenses previously claimed or received.

Contingencies - In the normal course of operations, the Organization has various claims in process and other contingencies. In management's opinion, the outcome from these matters will not materially impact the Organization's financial position or results of activities.

Note 11 - Line of Credit

On November 30, 2018, the Organization obtained a line of credit for up to $1,500,000 with a commercial bank for working capital purposes. The line of credit is renewed annually and is currently renewed through February 28, 2023. Interest on the line of credit is at a variable rate based on prime rate. The interest rate was 3.25% at the time the line of credit was renewed. The line of credit is collateralized by the assets of the Organization. There were no amounts outstanding on the line of credit as of September 30, 2022.

Note 12 - Paycheck Protection Program Loan

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On April 19, 2020, the Organization obtained a loan under the PPP with a principal balance of $741,067 and an annual interest rate of 1%. Principal and interest were payable in monthly installments beginning ten months after the date the loan was obtained through the maturity date of the loan on April 19, 2025. The Organization's accounting policy for recognition of revenue from forgiveness of the PPP loan is to recognize a gain on loan forgiveness when the loan is formally forgiven by the lender. During the year ended September 30, 2021, the PPP loan was formally forgiven in full by the lender, and the Organization recognized a gain on the loan forgiveness totaling $741,067.

Note 13 - Liquidity and Availability of Financial Assets

The Organization is substantially supported by grants and contracts. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of $1,500,000, which can be drawn upon as needed (Note 11).

The following reflects the Organization's financial assets that are available to meet general expenditures within one year of the consolidated statement of financial position dates:

	2022	2021
Financial assets at year end-		
Cash and cash equivalents	$ 1,517,564	$ 11,832,287
Contracts and grants receivable	2,694,860	3,073,842
Investments	25,829,621	
Available to Meet General Expenditures Within One Year	**30,042,045**	**14,906,129**