Consolidated Financial Statements

For the Year Ended September 30, 2023

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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 statement of financial position as of September 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flow for the year 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, 2023 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.

Basis for Opinion

We conducted our audit 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization adopted the Financial Accounting Standard Board's Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842),* and related ASUs, for the year ended September 30, 2023. Our opinion is not modified with respect to this matter.

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.

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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.

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.

Clark Nuber PS

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2024 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
April 1, 2024

VILLAGEREACH AND SUBSIDIARY

Consolidated Statement of Financial Position
September 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,983,688	$ 1,517,564
Contracts and grants receivable	3,751,090	2,694,860
Prepaid expenses	1,513,030	515,686
Total Current Assets	**7,247,808**	**4,728,110**
Deposits	40,749	41,806
Investments	17,283,962	25,829,621
Operating lease right-of-use assets	339,348	
Property and equipment, net	626,964	535,100
Total Assets	**$ 25,538,831**	**$ 31,134,637**
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	$ 1,655,235	$ 2,017,700
Operating lease liabilities, current	98,034	
Deferred revenue	210,479	
Total Current Liabilities	**1,963,748**	**2,017,700**
Operating lease liabilities, noncurrent	245,677	
Total Liabilities	**2,209,425**	**2,017,700**
Net Assets:		
Without donor restrictions	16,090,831	20,415,703
With donor restrictions	7,238,575	8,701,234
Total Net Assets	**23,329,406**	**29,116,937**
Total Liabilities and Net Assets	**$ 25,538,831**	**$ 31,134,637**

See accompanying notes.

VILLAGEREACH AND SUBSIDIARY

Consolidated Statement of Activities
For the Year Ended September 30, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Operating Activities				
Public Support and Revenue:				
Public support-				
Contributions and grants	$ 2,644,540	$ 9,550,542	$ 12,195,082	$ 34,525,002
Net assets released from restrictions	11,133,410	(11,133,410)		
Total public support	13,777,950	(1,582,868)	12,195,082	34,525,002
Contract revenue	5,846,853	2,323	5,849,176	3,463,187
Investment return	856,194	117,886	974,080	(161,575)
Other income	211,423		211,423	202
Total Public Support and Revenue	**20,692,420**	**(1,462,659)**	**19,229,761**	**37,826,816**
Expenses:				
Program services	19,537,896		19,537,896	17,723,627
Supporting services-				
Management and general	5,126,619		5,126,619	3,984,539
Fundraising	402,320		402,320	232,190
Total supporting services	5,528,939		5,528,939	4,216,729
Total Expenses	**25,066,835**		**25,066,835**	**21,940,356**
Change in Net Assets From Operating Activities	**(4,374,415)**	**(1,462,659)**	**(5,837,074)**	**15,886,460**
Nonoperating Activities				
Gain (loss) on foreign currency exchange	49,543		49,543	(226,193)
Change in Net Assets From Nonoperating Activities	**49,543**		**49,543**	**(226,193)**
Change in Net Assets	**(4,324,872)**	**(1,462,659)**	**(5,787,531)**	**15,660,267**
Net assets, beginning of year	20,415,703	8,701,234	29,116,937	13,456,670
Net Assets, End of Year	**$ 16,090,831**	**$ 7,238,575**	**$ 23,329,406**	**$ 29,116,937**

See accompanying notes.

VILLAGEREACH AND SUBSIDIARY

Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2023
(With Comparative Totals for 2022)

	Program Services	Management and General	Fundraising	2023 Total	2022 Total
Salaries	$ 8,460,890	$ 2,698,425	$ 295,532	$ 11,454,847	$ 10,065,345
Employee benefits and payroll taxes	2,266,601	748,966	76,993	3,092,560	2,859,430
Total Salaries and Related Expenses	**10,727,491**	**3,447,391**	**372,525**	**14,547,407**	**12,924,775**
Subagreements	2,551,267			2,551,267	1,594,651
Travel and lodging	1,717,674	246,129	6,376	1,970,179	1,323,391
Professional fees	1,462,439	269,727	10,111	1,742,277	2,079,804
Contract labor	806,750	332,567		1,139,317	809,791
Computer related services and supplies	310,165	278,457	1,951	590,573	411,315
Bank charges and service fees	324,072	15,643	2,783	342,498	259,917
Vehicles	315,331	6,325		321,656	245,082
Occupancy	181,123	138,428		319,551	328,290
Supplies	274,168	5,195	392	279,755	373,021
Insurance	85,898	101,523		187,421	150,110
Meals and entertainment	149,435	29,173	212	178,820	174,003
Depreciation		157,722		157,722	97,275
Telephone	144,410	12,642	422	157,474	162,394
Repairs and maintenance	106,999	9,769		116,768	297,465
Conferences	95,958	7,978		103,936	132,331
Miscellaneous	100,774	(454)		100,320	83,555
Printing and publications	42,405	6,162	3,170	51,737	76,731
Staff training and education	45,819	3,627	711	50,157	67,082
Dues and subscriptions	9,695	33,542	2,124	45,361	69,167
Taxes and licenses	36,089	7,959		44,048	62,755
Postage and mailing	33,980	4,240	903	39,123	25,375
Advertising	15,954	12,874	640	29,468	66,536
Bad debt					125,527
2023 Total Expenses	**$ 19,537,896**	**$ 5,126,619**	**$ 402,320**	**$ 25,066,835**	
2022 Total Expenses	**$ 17,723,627**	**$ 3,984,539**	**$ 232,190**		**$ 21,940,356**

See accompanying notes.

VILLAGEREACH AND SUBSIDIARY

Consolidated Statement of Cash Flows
For the Year Ended September 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash Flows From Operating Activities:		
Change in net assets	$ (5,787,531)	$ 15,660,267
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities-		
Depreciation	157,722	97,275
Fixed asset revaluation adjustments		(3,187)
Realized and unrealized (gain) loss on investments, net	(371,558)	440,281
Cash provided (used) by changes in operating assets and liabilities:		
Contracts and grants receivable	(1,056,230)	378,982
Prepaid expenses	(997,344)	(238,740)
Operating lease liabilities, net of right-of-use assets	4,363	
Deposits	1,057	(893)
Accounts payable and accrued expenses	(362,465)	117,915
Deferred revenue	210,479	(92,503)
Net Cash (Used in) Provided by Operating Activities	**(8,201,507)**	**16,359,397**
Cash Flows From Investing Activities:		
Purchase of property and equipment	(249,586)	(404,218)
Purchase of investments	(46,816,295)	(37,296,943)
Proceeds from sale of Investments	55,733,512	11,027,041
Net Cash Provided by (Used in) Investing Activities	**8,667,631**	**(26,674,120)**
Net Change in Cash and Cash Equivalents	**466,124**	**(10,314,723)**
Cash and cash equivalents balance, beginning of year	1,517,564	11,832,287
Cash and Cash Equivalents Balance, End of Year	**$ 1,983,688**	**$ 1,517,564**

See accompanying notes.

Note 1 - Organization and Summary of Accounting Policies

Organization - VillageReach 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 $0 and $125,527 as of September 30, 2023 and 2022, respectively.

Property and Equipment - 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

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.

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.

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 $5,857,112 as of September 30, 2023, 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 $11,098,808 as of September 30, 2022, 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, 2023 and 2022.

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.

Note 1 - Continued

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, and the sale of property and equipment.

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 conditional sub-award commitments totaling approximately $2,620,209 and $2,059,709 as of September 30, 2023 and 2022, respectively.

Income Taxes - The Internal Revenue Service has notified VillageReach that it is classified as a Section 501(c)(3) tax exempt 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. The Organization is registered as Nongovernmental Organizations in Mozambique, Malawi, Cote d'Ivoire, Liberia, Tanzania and Kenya, 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, 2023, the Organization received 55% of its total revenue from two entities. On September 30, 2023, 58% of total contracts, grants receivable were from one entity.

For the year ended September 30, 2022, the Organization received 74% of its total revenue from two entities. At September 30, 2022, 84% of total contracts, grants and loans receivable were from five entities, of which 23% 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, 2023 and 2022, the Organization recognized foreign currency translation gains and losses of $49,543 and $226,193, respectively.

Note 1 - Continued

As of September 30, 2023 and 2022, the Organization held $414,492 and $701,485 of cash and cash equivalents in foreign countries, of which $251,885 and $36,926 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.

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, 2022, from which the summarized information was derived.

Change in Accounting Policy - Effective October 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842) (ASC Topic 842) using the modified retrospective approach with comparative accounting periods continuing to be presented under previous lease guidance (ASC Topic 840). The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Additionally, the Organization did not elect the practical expedient to use hindsight in determining the lease term (that is, when considering lessee options to extend or terminate the lease and to purchase the underlying asset) and in assessing impairment of the entity’s right-of-use (ROU) assets. As a result of the adoption of the new lease accounting guidance, the Organization recognized on October 1, 2022 a lease liability of $435,283 and a right-of-use asset of $435,283.

The Organization determines if an arrangement contains a lease at inception. Operating leases are included in ROU assets and lease liabilities in the statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization’s leases do not provide an implicit rate of return; thus, the Organization uses the risk-free discount rate, determined using a period comparable with that of the lease term from the later of the lease commencement date or implementation date. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. A ROU asset and operating lease liability is not recognized for leases with an initial term of 12 months or less or when total lease payments are less than $30,000.

Subsequent Events - The Organization has evaluated subsequent events through April 1, 2024, 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 - Investments

Investments consisted of the following at September 30:

	2023	2022
Commerical paper	$ -	$ 3,282,217
Fixed income	17,283,962	22,547,404
Total Investments	**$ 17,283,962**	**$ 25,829,621**

Investment return for the year ended September 30:

	2023	2022
Unrealized gain (loss)	$ 371,558	$ (430,051)
Interest and dividends	602,522	258,246
Realized gain		10,230
Total Investment Return	**$ 974,080**	**$ (161,575)**

Note 3 - 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, 2023.

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.

Note 3 - Continued

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, 2023			
	Level 1	Level 2	Level 3	Total
Commercial paper	$ -	$ -	$ -	$ -
U.S Treasury Securities and Government Bonds	7,476,664			7,476,664
Corporate Bonds		9,807,298		9,807,298
Total Investments at Fair Value	**$ 7,476,664**	**$ 9,807,298**	**$ -**	**$ 17,283,962**

Note 4 - Property and Equipment

Property and equipment consisted of the following as of September 30:

	2023	2022
Vehicles	$ 888,805	$ 789,285
Software	256,336	548,576
Furniture and fixtures	97,263	100,710
Leasehold improvements	25,743	48,943
Equipment	81,994	88,782
Total fixed assets	1,350,141	1,576,296
Less accumulated depreciation	(723,177)	(1,041,196)
Property and equipment, Net	**$ 626,964**	**$ 535,100**

Note 5 - Net Assets Without Donor Restrictions

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

	2023	2022
Undesignated	$ 13,590,831	$ 17,915,703
Board designated operating reserve	2,500,000	2,500,000
Total Net Assets Without Donor Restrictions	**$ 16,090,831**	**$ 20,415,703**

Note 6 - Net Assets With Donor Restrictions

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

	2023	2022
Specific purpose-		
Immunization supply chain	$ 4,318,163	$ 4,742,688
NexGen supply chain	2,071,700	2,505,583
Sustained Impact	166,245	559,177
Drones for health	73,022	578,911
Supply chain for CHWs	151,230	181,657
OpenLMIS	213,741	5,716
Hotline center by phone	244,474	127,502
Total Net Assets With Donor Restrictions	**$ 7,238,575**	**$ 8,701,234**

Net assets released from restrictions by incurring expenses satisfying the restricted purpose and occurrence of the passage of time were $10,883,410 and $250,000 respectively at September 30, 2023. At September 30, 2022, all net asset released from restrictions of $13,164,278 were from incurring expenses satisfying the restricted purpose.

Note 7 - Operating Leases

The Organization has entered into a long-term, noncancelable lease agreement for a suite in Seattle, Washington that commenced in August 2021 with rental payments beginning on January 1, 2022. The term for the suite is for 64 months ending December 31, 2026. The lease incorporates an option to renew for one additional two-year term, which is not included in the lease liability as it is uncertain whether this option will be exercised.

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 $23,708.

The components of lease expense for the year ended September 30, 2023 are as follows:

Operating lease cost	$ 111,333
Variable lease cost	130,993
Short term lease cost	198,497
Total Leasing Costs	**$ 440,823**

Note 7 - Continued

Supplemental cash flow information related to leases as of September 30, 2023 is as follows:

Right-of-use assets obtained in exchange for new operating lease liabilities	$ 435,283
Weighted-average remaining lease term - operating leases	3.3 years
Weighted-average discount rate - operating leases	4.00%
Cash paid for amounts included in measurement of lease liabilities	$ 106,969

Future minimum lease payments for the year ending September 30, 2023, for the noncancelable lease are as follows:

For the Year Ending September 30,	
2024	$ 109,643
2025	112,386
2026	115,191
2027	28,973
Total undiscounted cash flows	366,193
Less present value discount	(22,482)
Total Operating Lease Liabilities	**$ 343,711**

Future minimum lease payments for the year ended September 30, 2022, for 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

Note 8 - 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 $272,434 and $253,161 for the years ended September 30, 2023 and 2022, 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 2023 was $22,500, with "catch-up" provisions allowing $7,500 additional deferrals for participants over 50 years old. There are no matching provisions. The nonqualified deferred compensation plan is administered by the Organization.

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 $69,816 and $80,901 for the years ended September 30, 2023 and 2022, 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 $88,014 and $73,240 for the years ended September 30, 2023 and 2022, respectively.

Note 9 - 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 10 - 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 March 31, 2024. 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, 2023.

Note 11 - 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 10).

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:

	2023	2022
Financial assets at year end-		
Cash and cash equivalents	$ 1,983,688	$ 1,517,564
Contracts and grants receivable	3,751,090	2,694,860
Investments	17,283,962	25,829,621
Available to Meet General Expenditures Within One Year	**$ 23,018,740**	**$ 30,042,045**