

# **PIVOT Works, Inc.**

Financial Statements

September 30, 2023 and 2022

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## Independent Auditors' Report

To the Board of Directors  
PIVOT Works, Inc.

### Opinion

We have audited the accompanying financial statements of PIVOT Works, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2023 and 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. Our responsibilities under those standards are further described in the Auditors' 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, during the year ended September 30, 2023, the Organization changed the manner in which it accounts for leasing arrangements due to the adoption of Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*. 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.

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 within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 generally accepted 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 generally accepted 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.

*Baker Tilly US, LLP*

Tewksbury, Massachusetts  
March 4, 2024

September 30	2023	2022
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 4,576,504	\$ 5,278,741
Contributions Receivable	200,426	441,883
Prepaid Goods and Supplies	371,989	524,878
Prepaid Expenses and Other Current Assets	66,832	79,779
<b>Total Current Assets</b>	<b>5,215,751</b>	<b>6,325,281</b>
Property and Equipment, Net of Accumulated Depreciation	238,210	168,004
Operating Lease Right-of-Use Assets	198,836	-
Other Assets	-	2,703
<b>Total Assets</b>	<b>\$ 5,652,797</b>	<b>\$ 6,495,988</b>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts Payable	\$ 426,643	\$ 273,789
Accrued Expenses	206,542	278,076
Current Portion of Operating Lease Liabilities	25,890	-
<b>Total Current Liabilities</b>	<b>659,075</b>	<b>551,865</b>
Operating Lease Liabilities, Net of Current Portion	173,816	-
<b>Total Liabilities</b>	<b>832,891</b>	<b>551,865</b>
Net Assets:		
Net Assets without Donor Restrictions	4,664,298	5,427,652
Net Assets with Donor Restrictions	155,608	516,471
<b>Total Net Assets</b>	<b>4,819,906</b>	<b>5,944,123</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,652,797</b>	<b>\$ 6,495,988</b>

**Statements of Activities**
**PIVOT Works, Inc.**
**For the Years Ended September 30**
**2023**
**2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities:						
Revenue and Other Support:						
Contributions	\$ 6,324,018	\$ 117,500	\$ 6,441,518	\$ 6,835,029	\$ 724,861	\$ 7,559,890
Other Income	9,631	-	9,631	6,601	-	6,601
Net Assets Released from Restriction	478,363	(478,363)	-	755,476	(755,476)	-
<b>Total Revenue and Other Support</b>	<b>6,812,012</b>	<b>(360,863)</b>	<b>6,451,149</b>	<b>7,597,106</b>	<b>(30,615)</b>	<b>7,566,491</b>
Operating Expenses:						
Program Services:						
Madagascar Healthcare Services	6,102,487	-	6,102,487	4,922,070	-	4,922,070
Research	593,285	-	593,285	501,350	-	501,350
<b>Total Program Services</b>	<b>6,695,772</b>	<b>-</b>	<b>6,695,772</b>	<b>5,423,420</b>	<b>-</b>	<b>5,423,420</b>
General and Administrative	796,375	-	796,375	494,701	-	494,701
Fundraising	175,174	-	175,174	264,442	-	264,442
<b>Total Operating Expenses</b>	<b>7,667,321</b>	<b>-</b>	<b>7,667,321</b>	<b>6,182,563</b>	<b>-</b>	<b>6,182,563</b>
<b>(Decrease) Increase in Net Assets from Operations</b>	<b>(855,309)</b>	<b>(360,863)</b>	<b>(1,216,172)</b>	<b>1,414,543</b>	<b>(30,615)</b>	<b>1,383,928</b>
Nonoperating Activities:						
Interest Income	46,154	-	46,154	11,985	-	11,985
Foreign Currency Transaction Gain (Loss)	45,801	-	45,801	(102,814)	-	(102,814)
<b>Total Nonoperating Activities</b>	<b>91,955</b>	<b>-</b>	<b>91,955</b>	<b>(90,829)</b>	<b>-</b>	<b>(90,829)</b>
<b>(Decrease) Increase in Net Assets</b>	<b>(763,354)</b>	<b>(360,863)</b>	<b>(1,124,217)</b>	<b>1,323,714</b>	<b>(30,615)</b>	<b>1,293,099</b>
<b>Net Assets, Beginning of Year</b>	<b>5,427,652</b>	<b>516,471</b>	<b>5,944,123</b>	<b>4,103,938</b>	<b>547,086</b>	<b>4,651,024</b>
<b>Net Assets, End of Year</b>	<b>\$ 4,664,298</b>	<b>\$ 155,608</b>	<b>\$ 4,819,906</b>	<b>\$ 5,427,652</b>	<b>\$ 516,471</b>	<b>\$ 5,944,123</b>

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

For the Year Ended September 30

2023

	Program Services			General and Administrative	Fundraising	Total
	Madagascar Healthcare Services	Research	Total Program Services			
Salaries and Related Benefits, and Payroll Taxes	\$ 2,133,612	\$ 483,918	\$ 2,617,530	\$ 319,458	\$ 121,580	\$ 3,058,568
Program Operations	2,507,084	1,870	2,508,954	2,876	529	2,512,359
Professional Fees	696,712	8,450	705,162	227,973	2,173	935,308
Office Expenses	259,549	32,033	291,582	146,807	39,900	478,289
Travel, Relocation and Housing	317,865	52,706	370,571	31,508	9,138	411,217
Occupancy	120,363	7,096	127,459	45,001	1,518	173,978
Depreciation	56,479	6,052	62,531	18,547	279	81,357
Other Expense	10,823	1,160	11,983	4,205	57	16,245
Recruitment and Training	-	-	-	-	-	-
<b>Total</b>	<b>\$ 6,102,487</b>	<b>\$ 593,285</b>	<b>\$ 6,695,772</b>	<b>\$ 796,375</b>	<b>\$ 175,174</b>	<b>\$ 7,667,321</b>

For the Year Ended September 30

2022

	Program Services			General and Administrative	Fundraising	Total
	Madagascar Healthcare Services	Research	Total Program Services			
Salaries and Related Benefits, and Payroll Taxes	\$ 2,166,837	\$ 370,157	\$ 2,536,994	\$ 194,411	\$ 163,302	\$ 2,894,707
Program Operations	1,721,279	42,886	1,764,165	75,481	5,621	1,845,267
Professional Fees	160,400	32,250	192,650	57,598	3,661	253,909
Office Expenses	263,118	15,888	279,006	62,296	44,179	385,481
Travel, Relocation and Housing	389,468	27,638	417,106	39,282	44,868	501,256
Occupancy	99,452	4,393	103,845	36,322	1,762	141,929
Depreciation	62,993	6,786	69,779	16,142	472	86,393
Other Expense	1,217	40	1,257	427	12	1,696
Recruitment and Training	57,306	1,312	58,618	12,742	565	71,925
<b>Total</b>	<b>\$ 4,922,070</b>	<b>\$ 501,350</b>	<b>\$ 5,423,420</b>	<b>\$ 494,701</b>	<b>\$ 264,442</b>	<b>\$ 6,182,563</b>

<b>For the Years Ended September 30</b>	<b>2023</b>	<b>2022</b>
Cash Flows from Operating Activities:		
(Decrease) Increase in Net Assets	\$ (1,124,217)	\$ 1,293,099
Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	81,357	86,393
Change in Operating Lease Right-of-Use Assets	(164,593)	-
Change in Contributions Receivable	241,457	478,480
Change in Prepaid Goods and Supplies	152,889	(12,729)
Change in Prepaid Expenses, Other Current Assets, and Other Assets	15,650	37,699
Change in Accounts Payable	152,854	(54,824)
Change in Accrued Expenses	(71,534)	30,558
Change in Operating Lease Liabilities	165,463	-
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(550,674)</b>	<b>1,858,676</b>
Cash Flows from Investing Activities:		
Acquisition of Property and Equipment	(151,563)	(89,299)
Maturity of Certificates of Deposit	-	25,200
Change in Other Assets	-	159
<b>Net Cash Used in Investing Activities</b>	<b>(151,563)</b>	<b>(63,940)</b>
Net (Decrease) Increase in Cash and Cash Equivalents	<u>(702,237)</u>	<u>1,794,736</u>
Cash and Cash Equivalents, Beginning of Year	<u>5,278,741</u>	<u>3,484,005</u>
Cash and Cash Equivalents, End of Year	<u><b>\$ 4,576,504</b></u>	<u><b>\$ 5,278,741</b></u>

Supplemental Disclosure of Noncash Investing Activities:

During the years ended September 30, 2023 the Organization disposed of fully depreciated property and equipment with an original cost of \$9,016.

## 1. Organization and Summary of Significant Accounting Policies:

*Nature of Organization:* PIVOT Works, Inc. (the Organization) is a nonprofit organization incorporated on August 16, 2013 under the laws of the Commonwealth of Massachusetts. The Organization provides healthcare services in Madagascar. In Madagascar, the Organization combines a moral agenda of rights-based healthcare with the practical goals of Health System Strengthening (HSS) at three critical levels of the health system: community health workers, health centers and district hospitals. Substantial resources are dedicated to strengthening and maintaining essential health system infrastructure, such as medical facilities, equipment, personnel, ambulances and dispensaries.

The Organization also has a research program that focuses on measuring the disease burden in the population outside of the health facilities. In some instances, the research efforts are also directed to basic science questions that have long-term potential to contribute to a basic understanding of underlying causes of poverty and disease.

*Basis of Presentation:* The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) of the Financial Accounting Standards Board (FASB).

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

*Net Assets without Donor Restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors. Net assets without donor restrictions include net assets designated by the board for specific purposes.

*Net Assets with Donor Restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

*Measure of Operations:* The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing healthcare and research services and activities. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

*Fair Value Measurements:* The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**1. Organization and Summary of Significant Accounting Policies (Continued):**

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

*Foreign Currency Reporting:* Foreign currency transaction gains and losses result from exchange rate fluctuations on transactions denominated in a currency other than the Organization's functional currency. The foreign currency transaction gain (loss) is recorded in other income in the accompanying statements of activities.

*Revenue Recognition:* Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenue represents amounts derived from donated goods and services, and contributions.

Revenue is recognized when control of the goods and services provided is transferred to the Organization's customers and in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods and services using the following steps: 1) identification of the contract, or contracts with a customer, 2) identification of performance obligations in the contract, 3) determination of the transaction price, 4) allocation of the transaction price to the performance obligations in the contract and 5) recognition of revenue when or as the Organization satisfies the performance obligations.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or space is received.

The Organization must determine whether a contribution (or a promise to give) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. The Organization cannot consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

**1. Organization and Summary of Significant Accounting Policies (Continued):**

*Cash and Cash Equivalents:* The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization considers such highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

*Concentrations of Credit Risk:* Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, cash equivalents, certificates of deposit and contributions receivable. The Organization maintains its cash, cash equivalents and certificates of deposit with high-credit quality financial institutions. The Organization believes it is not exposed to any significant losses due to credit risk on cash, cash equivalents and certificates of deposit. Contributions receivable are carried at amounts based upon management's judgment of potential defaults. Management identifies troubled receivables balances by assessing of the donor's credit worthiness. As of September 30, 2023 and 2022, management has determined all receivables are collectible and an allowance for doubtful accounts is not necessary.

*Property and Equipment:* Property and equipment are recorded at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Furniture and Fixtures	5 Years
Motor Vehicles	5 Years
Computer Software	3 Years

*Impairment of Long-Lived Assets:* It is required that long-lived assets be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of September 30, 2023 and 2022, the Organization has determined that there have been no significant events or changes in circumstances that would trigger impairment testing of the Organization's long-lived assets.

*Leases:* In 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842). ASU 2016-02 and all related amendments replaces the leasing standards under ASC 840 and expands disclosure requirements for leasing arrangements.

Effective October 1, 2022, the Organization adopted the guidance and expanded disclosure requirements under ASC 842 using the modified retrospective approach. The Organization's financial statements as of and for the year ended September 30, 2022 continue to be accounted for under ASC 840 and have not been adjusted.

ASC 842 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. At the lease commencement date, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the non-cancelable lease term. Lease expense for the Organization's finance leases is comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

Upon transition to ASC 842, the Organization elected the package of practical expedients permitted under the transition guidance, which does not require the Organization to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs.

At the date of adoption, the Organization recorded operating lease right-of-use assets and lease liabilities in the amounts of \$34,243, each. At the date of adoption, the Organization had no leases classified as finance leases.

**1. Organization and Summary of Significant Accounting Policies (Continued):**

The Organization determines if an arrangement is a lease at inception. An arrangement is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. The Organization reassesses its determination if the terms and conditions of the arrangement are changed. Leases are classified at the commencement date, the date on which the lessor makes the underlying asset available to the lessee, as either operating or finance leases based on the economic substance of the lease.

Lease right-of-use (ROU) assets and related lease liabilities are recognized on the statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and the corresponding lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Organization determines the present value of lease payments using the implicit rate when readily determinable. When the implicit rate is not readily determinable, the Company has made the private company election to utilize a risk-free discount rate for a period comparable with that of the lease term for all classes of underlying assets.

Lease ROU assets also include any lease payments made at or before commencement date, net of lease incentives, and initial direct costs incurred. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with ASC 842.

The Organization has elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, lease payments for short-term leases are recognized on a straight-line basis over the lease term.

For operating leases, lease expense for lease payments is recognized on a straightline basis over the lease term. For finance leases, lease expense includes amortization expense of the ROU asset recognized on a straightline basis over the lease term and interest expense recognized on the finance lease liability.

Operating leases are included in operating lease ROU assets and current and noncurrent operating lease liabilities on the accompanying statements of financial position as of September 30, 2023. As of September 30, 2023, the Organization had no finance leases.

*Functional Allocation of Expenses:* The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statements of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and Related Benefits, and Payroll Taxes	Time and Effort
Occupancy	Employee Headcount

**1. Organization and Summary of Significant Accounting Policies (Continued):**

*Income Taxes:* The Organization is a nonprofit Organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. As of September 30, 2023 and 2022, management believes that the Organization has not generated any unrelated business taxable income.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statements of activities. The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of September 30, 2023 and 2022. The Organization does not expect any material change in uncertain tax benefits within the next 12 months.

*Use of Estimates:* Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the financial statements in accordance with GAAP. Actual results experienced by the Organization may differ from those estimates.

*Subsequent Events:* Management has evaluated subsequent events spanning the period from September 30, 2023 through March 4, 2024, the date the financial statements were available to be issued.

**2. Availability and Liquidity:**

The following reflects the Organization's financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general use within one year of September 30, 2023 and 2022 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year and Period, Respectively:	2023	2022
Cash and Cash Equivalents	\$ 4,576,504	\$ 5,278,741
Contributions Receivable	200,426	441,883
Total Financial Assets at End of Year and Period, Respectively	4,776,930	5,720,624
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Restricted by Donor with Time or Purpose Restrictions	155,608	516,471
Board Designations:		
Board Designated Capital Fund and Emergency Reserve	-	267,685
	155,608	784,156
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	\$ 4,621,322	\$ 4,936,468

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 may come due.

**3. Contributions Receivable:**

Contributions receivable as of September 30, 2023 and 2022 amounted to \$200,426 and \$441,883, respectively, and are due within one year of the date of the statements of financial position.

**4. Prepaid Goods and Supplies:**

The Organization purchases and receives certain goods and supplies to be distributed into the Organization program activities. The Organization records the receipts of goods as prepaid goods in the accompanying statements of financial position and expenses when such goods are donated to specific programs. As of September 30, 2023 and 2022, prepaid goods and supplies amounted to \$371,989 and \$524,878, respectively, and are included in prepaid goods and supplies in the accompanying statements of financial position.

**5. Property and Equipment:**

Property and equipment as of September 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Motor Vehicles	\$ 703,941	\$ 604,566
Furniture and Fixtures	404,153	365,156
Computer Software	63,310	59,135
	<u>1,171,404</u>	<u>1,028,857</u>
Less: Accumulated Depreciation	<u>933,194</u>	<u>860,853</u>
	<u>\$ 238,210</u>	<u>\$ 168,004</u>

Depreciation expense for the years ended September 30, 2023 and 2022 amounted to \$81,357 and \$86,393, respectively.

**6. Leasing Arrangements:**

The Organization leases office space in Madagascar under operating lease arrangements, which expire on various dates through December 1, 2030. These leases generally call for escalating monthly payments of base rent plus additional amounts to cover certain operating expenses and common area maintenance fees. Many of these leases contain renewal options and require future increases in the minimum base rent payable. The likelihood that the Organization will renew these options is probable.

Leases with an initial term of 12 months or less are not recorded on the statements of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Operating right-of-use assets and lease liabilities as of September 30, 2023 are as follows:

Right-of-Use Assets:	
Operating Leases	<u>\$ 198,836</u>
Lease Liabilities:	
Current	\$ 25,890
Long-Term	<u>173,816</u>
Total Lease Liabilities	<u>\$ 199,706</u>

**6. Leasing Arrangements (Continued):**

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

<u>Component</u>	<u>Classification</u>	
Operating Lease Expense	Program Services, General and Administrative, and Fundraising	\$ 14,542
Short-Term Lease Expense	Program Services, General and Administrative, and Fundraising	<u>20,460</u>
Total Lease Expense		<u>\$ 35,002</u>

The weighted average remaining lease term and discount rate for operating leases as of September 30, 2023 were as follows:

Weighted Average Remaining Lease Term: 6.91 Years

Weighted Average Discount Rate: 4.09%

Future minimum operating lease payments as of September 30, 2023 are as follows:

<u>Year Ending September 30,</u>	
2024	\$ 33,442
2025	33,442
2026	33,442
2027	33,442
2028	33,442
Thereafter	<u>61,337</u>
Total Future Minimum Lease Payments	228,547
Less: Present Value Discount	<u>28,841</u>
Present Value of Lease Liabilities	199,706
Less: Current Portion	<u>25,890</u>
Long-Term Portion	<u>\$ 173,816</u>
Cash Paid for Amounts Included in Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	<u>\$ 13,645</u>
Operating Lease Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	<u>\$ 145,993</u>

During the year ended September 30, 2022, the Organization was party to certain noncancelable operating lease arrangements for office space in Madagascar expiring on various dates through January 2026. During the year ended September 30, 2022, rent expense incurred under these arrangements amounted to \$50,437.

**7. Net Assets without Donor Restrictions:**

Net assets without donor restrictions as of September 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Available for Operations	\$ 4,426,088	\$ 4,991,963
Net Investment in Property and Equipment	238,210	168,004
Board Designated:		
Capital Fund and Emergency Reserve	-	267,685
	<u>\$ 4,664,298</u>	<u>\$ 5,427,652</u>

**8. Net Assets with Donor Restrictions:**

Net assets with donor restrictions as of September 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Emergency Response	\$ 142,983	\$ 92,518
Maternal and Reproductive Health	9,831	-
Tuberculosis	2,794	47,184
Community Health	-	279,088
COVID-19 Modeling	-	33,064
Support to Field Staff	-	24,893
Science Support	-	23,503
Staff Development	-	10,417
Infrastructure Projects	-	5,804
Total Purpose Restrictions	<u>155,608</u>	<u>516,471</u>
Total Net Assets with Donor Restrictions	<u>\$ 155,608</u>	<u>\$ 516,471</u>

**9. Net Assets Released from Restriction:**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time. Net assets released from restriction during the years ended September 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Community Health	\$ 279,088	\$ 375,635
Tuberculosis	44,391	29,875
Maternal and Reproductive Health	40,169	-
COVID-19 Modeling	33,064	32,630
Support to Field Staff	24,893	16,115
Science Support	23,503	70,542
Emergency Response	17,035	66,542
Staff Development	10,417	4,167
Infrastructure Projects	5,803	108,574
Oxygen Project	-	51,396
	<u>\$ 478,363</u>	<u>\$ 755,476</u>

**10. Economic Dependency:**

*Related Party Concentrations:* During each of the years ended September 30, 2023 and 2022, the Organization generated a substantial portion of its contributions from a family foundation related to two members of the Organization's Board of Directors. Contributions from this foundation approximated 24% and 29% of the Organization's total contributions for the years ended September 30, 2023 and 2022, respectively.

*Other Concentrations:* During the years ended September 30, 2023 and 2022, the Organization generated 24% and 27%, respectively, of its contributions from one donor.

As of September 30, 2023 and 2022, contributions receivable from two and three donors represented approximately 89% and 88% of the Organization's total contributions receivable, each respectively.

**11. Commitments and Contingencies:**

*Indemnifications:* In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of September 30, 2023 and 2022, no amounts have been accrued related to such indemnification provisions.