



## MALARIA NO MORE FUND

Consolidated Financial Statements  
(Together with Independent Auditors' Report)

December 31, 2013 and 2012

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**MALARIA NO MORE FUND**

**CONSOLIDATED FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**DECEMBER 31, 2013 AND 2012**

**CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report .....	1-2
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses .....	5-6
Consolidated Statements of Cash Flows .....	7
Notes to Consolidated Financial Statements .....	8-15

## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Malaria No More Fund

We have audited the accompanying consolidated financial statements of Malaria No More Fund and wholly controlled Net Guarantee, LLC (collectively the "Organization") which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Malaria No More Fund and wholly controlled Net Guarantee, LLC as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



***Emphasis of Matter***

As discussed in Note 1 and 11 to the consolidated financial statements, the accompanying consolidated financial statements includes the financial position and changes in net assets and cash flows of NetGuarantee LLC as of and for the period ending May 7, 2013. NetGuarantee LLC, the wholly controlled entity of Malaria No More Fund ceased to exist as of May 7, 2013. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Marks Paneth CPA". The signature is written in a cursive, flowing style.

Tarrytown, NY  
August 4, 2014

**MALARIA NO MORE FUND**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2B and 10A)	\$ 787,694	\$ 3,248,435
Contributions and grants receivable (Notes 2D, 2E, 3 and 10B)	3,534,485	4,349,409
Prepaid expenses and other assets (Note 9)	46,946	77,709
Property and equipment, net (Notes 2F and 4)	171,915	174,950
Restricted cash (Note 11)	-	356,206
<b>TOTAL ASSETS</b>	<b>\$ 4,541,040</b>	<b>\$ 8,206,709</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses (Notes 9)	\$ 410,800	\$ 526,404
Grants payable (Note 2G)	-	719,147
Loan payable (Note 5)	-	150,000
Due to African Leaders Malaria Alliance, Inc. (Note 6)	-	1,194,735
<b>TOTAL LIABILITIES</b>	<b>410,800</b>	<b>2,590,286</b>
<b>COMMITMENTS</b> (Note 13)		
<b>NET ASSETS</b> (Note 2C)		
Unrestricted	(67,953)	591,316
Temporarily restricted (Notes 7)	4,198,193	5,025,107
<b>TOTAL NET ASSETS</b>	<b>4,130,240</b>	<b>5,616,423</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,541,040</b>	<b>\$ 8,206,709</b>

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

**MALARIA NO MORE FUND**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	For the Year Ended December 31, 2013			For the Year Ended December 31, 2012		
	Unrestricted	Temporarily Restricted	Total 2013	Unrestricted	Temporarily Restricted	Total 2012
<b>SUPPORT AND REVENUE:</b>						
Contributions and grants (Notes 2D, 10B)	\$ 1,292,237	\$ 6,750,028	\$ 8,042,265	\$ 1,748,430	\$ 4,621,806	\$ 6,370,236
Fundraising events, net of costs of direct benefits to donors of \$254,316 in 2013 and \$224,527 in 2012 (Note 2H)	460,030	-	460,030	988,668	-	988,668
In-kind contributions (Notes 2D and 8)	1,987,781	-	1,987,781	399,450	-	399,450
Interest income	389	-	389	1,769	-	1,769
Other Income (Note 13)	111,044	-	111,044	71,316	-	71,316
Net assets released from restrictions (Note 7)	<u>7,576,942</u>	<u>(7,576,942)</u>	<u>-</u>	<u>8,460,087</u>	<u>(8,460,087)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>11,428,423</u>	<u>(826,914)</u>	<u>10,601,509</u>	<u>11,669,720</u>	<u>(3,838,281)</u>	<u>7,831,439</u>
<b>EXPENSES</b> (Note 2I):						
Program services (Note 1) ***	8,153,304	-	8,153,304	9,109,109	-	9,109,109
Administrative and support ***	1,900,819	-	1,900,819	1,691,019	-	1,691,019
Fundraising (Note 8A) ***	<u>2,033,569</u>	<u>-</u>	<u>2,033,569</u>	<u>782,266</u>	<u>-</u>	<u>782,266</u>
<b>TOTAL EXPENSES</b>	<u>12,087,692</u>	<u>-</u>	<u>12,087,692</u>	<u>11,582,394</u>	<u>-</u>	<u>11,582,394</u>
<b>CHANGE IN NET ASSETS</b>	<u>(659,269)</u>	<u>(826,914)</u>	<u>(1,486,183)</u>	<u>87,326</u>	<u>(3,838,281)</u>	<u>(3,750,955)</u>
<b>Net assets - beginning of year</b>	<u>591,316</u>	<u>5,025,107</u>	<u>5,616,423</u>	<u>503,990</u>	<u>8,863,388</u>	<u>9,367,378</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ (67,953)</u>	<u>\$ 4,198,193</u>	<u>\$ 4,130,240</u>	<u>\$ 591,316</u>	<u>\$ 5,025,107</u>	<u>\$ 5,616,423</u>

\*\*\* Includes in-kind expenses as presented in the Consolidated Statement of Functional Expenses

**MALARIA NO MORE FUND**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(With Comparative Totals for the Year Ended December 31, 2012)**

	<u>For the Year Ended December 31, 2013</u>			<b>2013 Total Expenses</b>	<b>2012 Total Expenses</b>
	<u>Supporting Services</u>				
	<u>Program Services</u>	<u>Administrative and Support</u>	<u>Fundraising</u>		
Salaries and wages	\$ 2,248,119	\$ 854,468	\$ 300,430	\$ 3,403,017	\$ 3,346,919
Payroll taxes and employee benefits	448,908	183,114	80,263	712,285	683,121
Total salaries and related costs	<u>2,697,027</u>	<u>1,037,582</u>	<u>380,693</u>	<u>4,115,302</u>	<u>4,030,040</u>
Bed nets and other materials	1,210,841	-	1,034	1,211,875	26,004
Program implementation fees	795,015	-	-	795,015	1,893,926
Grants	-	-	-	-	1,133,599
Consultants (Note 9)	1,401,002	3,652	142,433	1,547,087	1,197,457
Other professional fees	210,703	86,263	106,285	403,251	353,053
Promotions and advertising	18,940	202	12,686	31,828	174,983
Events	325,336	2,753	41,666	369,755	434,525
Insurance	5,315	37,660	514	43,489	43,293
Office expenses	98,535	36,874	30,079	165,488	233,150
Telephone	77,349	46,312	5,198	128,859	146,313
Occupancy costs (Notes 9 and 13)	124,974	348,523	-	473,497	442,534
Travel	577,698	23,442	44,475	645,615	945,786
Repairs and maintenance	6,863	20,249	100	27,212	28,734
Dues and subscriptions	5,055	-	120	5,175	12,512
Conferences and seminars	-	-	1,650	1,650	7,978
Interest expense (Note 5)	-	352	-	352	1,630
Depreciation and amortization	21,572	26,909	254	48,735	46,700
Bad debt expense (Note 2E)	-	-	10,000	10,000	-
Miscellaneous	<u>55,355</u>	<u>8,214</u>	<u>12,158</u>	<u>75,727</u>	<u>30,727</u>
Subtotal (excluding in-kind expenses)	7,631,580	1,678,987	789,345	10,099,912	11,182,944
Add: in-kind expenses:					
Promotions and advertising (Note 8A)	-	-	1,244,224	1,244,224	-
Donated treatment and testing kits (Note 8B)	521,724	-	-	521,724	-
Other professional fees (Note 8C)	<u>-</u>	<u>221,832</u>	<u>-</u>	<u>221,832</u>	<u>399,450</u>
Subtotal - in-kind expenses)	<u>521,724</u>	<u>221,832</u>	<u>1,244,224</u>	<u>1,987,780</u>	<u>399,450</u>
<b>TOTAL EXPENSES</b>	<u>\$ 8,153,304</u>	<u>\$ 1,900,819</u>	<u>\$ 2,033,569</u>	<u>\$ 12,087,692</u>	<u>\$ 11,582,394</u>

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

**MALARIA NO MORE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Supporting Services			2012 Total Expenses
	Program Services	Administrative and Support	Fundraising	
Salaries and wages	\$ 2,435,438	\$ 546,564	\$ 364,917	\$ 3,346,919
Payroll taxes and employee benefits	456,263	143,247	83,611	683,121
Total salaries and related costs	2,891,701	689,811	448,528	4,030,040
Bed nets	26,004			26,004
Program implementation fees	1,893,926	-	-	1,893,926
Grants	1,133,599	-	-	1,133,599
Consultants (Note 9)	1,052,960	-	144,497	1,197,457
Other professional fees	297,840	45,442	9,771	353,053
Promotions and advertising	157,790	303	16,890	174,983
Events	407,505	30	26,990	434,525
Insurance	11,762	31,235	296	43,293
Office expenses	131,752	74,782	26,616	233,150
Telephone	91,486	44,860	9,967	146,313
Occupancy costs (Notes 9 and 13)	125,076	317,458	-	442,534
Travel	841,431	13,178	91,177	945,786
Repairs and maintenance	11,970	16,674	90	28,734
Dues and subscriptions	5,663	799	6,050	12,512
Conferences and seminars	7,978	-	-	7,978
Interest expense (Note 5)	-	1,630	-	1,630
Depreciation and amortization	14,122	32,578	-	46,700
Miscellaneous	6,544	22,789	1,394	30,727
Subtotal (excluding in-kind expenses)	9,109,109	1,291,569	782,266	11,182,944
Add: in-kind expenses:				
Professional fees (Note 8C)	-	399,450	-	399,450
Subtotal - in-kind expenses	-	399,450	-	399,450
<b>TOTAL EXPENSES</b>	<b>\$ 9,109,109</b>	<b>\$ 1,691,019</b>	<b>\$ 782,266</b>	<b>\$ 11,582,394</b>

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



**MALARIA NO MORE FUND**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (1,486,183)	\$ (3,750,955)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation and amortization	48,735	46,700
Bad debt expense	10,000	-
Donated - payment - line of credit	(150,000)	-
Changes in operating assets and liabilities:		
Contributions and grants receivable	804,924	351,163
Prepaid expenses and other assets	30,763	20,270
Accounts payable and accrued expenses	(115,604)	56,758
Grants payable	(719,147)	(320,853)
<b>Net Cash Used in Operating Activities</b>	<b>(1,576,512)</b>	<b>(3,596,917)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of property and equipment	(45,700)	(63,904)
Decrease in restricted cash	356,206	3,119
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>310,506</b>	<b>(60,785)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
(Payment of)/Due to African Leaders Malaria Alliance, Inc.	(1,194,735)	1,194,735
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(1,194,735)</b>	<b>1,194,735</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,460,741)</b>	<b>(2,462,967)</b>
Cash and cash equivalents - beginning of year	3,248,435	5,711,402
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 787,694</b>	<b>\$ 3,248,435</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 352	\$ 1,630

**MALARIA NO MORE FUND  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS**

Malaria No More Fund (“MNM” or the “Organization”) was organized under the not-for-profit laws of the State of Delaware in 2006 to raise public awareness and mobilize public support to combat the devastating threat of malaria. MNM received its public charity determination from the Internal Revenue Service in 2006 and commenced operations on August 1, 2007. MNM is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

MNM engages the private sector to provide life-saving bed nets and other critical interventions to families in Africa. MNM brings together other organizations working against the disease, to galvanize their efforts towards the development and implementation of a collaborative global plan and effort bringing together private, public and multilateral sectors. MNM drives development and management of a master strategic plan and approach for accomplishing this important goal, identifying and bringing awareness to the gaps in resources. In addition, MNM plays a key role in driving fundraising activity, developing and executing global media awareness and fundraising strategy and campaigns targeted at generating the necessary support to fill the gaps in funding and resources.

NetGuarantee LLC (“NetGuarantee”) was organized in January 2009 as a limited liability company under the Delaware Limited Liability Company Act. The sole member of NetGuarantee was MNM, therefore NetGuarantee was a disregarded entity of MNM and financial information for NetGuarantee is included in the federal and state informational returns of MNM. The purpose of NetGuarantee was to provide guarantees to long-lasting insecticidal nets (“LLIN”) manufacturers in order to enable countries to enter into procurement contracts upon approval, allowing LLINs to reach vulnerable populations faster than current processes allow. Effective May 7, 2013, the NetGuarantee program was transferred to Munich Re. Under the transfer, certain specified, non-financial assets of NetGuarantee were sent to Munich Re and the administration for the program was assumed by Munich Re. The financial assets held by NetGuarantee LLC, were transferred to MNM, with permission of the donors, to fund other projects. NetGuarantee LLC was dissolved on May 7, 2013, and ceased to exist as a subsidiary of MNM.

Accordingly, the accompanying consolidated financial statements include the financial positions and changes in net assets and cash flows of MNM and changes in net assets and cash flows of its wholly controlled entity, NetGuarantee through May 7, 2013. All significant intercompany balances and transactions have been eliminated in consolidation.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Accounting and Use of Estimates***

The Organization’s consolidated financial statements have been prepared on the accrual basis of accounting. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**B. *Cash and Cash Equivalents***

Cash and cash equivalents include all cash balances and highly liquid debt instruments with a maturity of three months or less when acquired.

**MALARIA NO MORE FUND  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. *Basis of Presentation***

The Organization maintains its net assets under the following classes:

- Unrestricted – represents resources available for support of the Organization's operations over which the Board of Directors has discretionary control.
- Temporarily Restricted – represents assets that are subject to donor-imposed stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.
- Permanently restricted – represents assets that must remain intact in perpetuity. The Organization had no permanently restricted net assets as of December 31, 2013 and 2012.

**D. *Contributions***

Contributions are recognized at their fair value when received or when an unconditional promise is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. Unless material, the Organization does not discount to present value pledges and grants to be received after more than one year.

The Organization records various types of in-kind contributions. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services also include the value of donated public service announcements ("PSAs") which are recorded as contributions at their estimated fair market value (based on the market size, day, time and length of the PSA) as of the date of the donation.

Many volunteers, including the Board of Directors, have made significant contributions of time in furtherance of the Organization's policies and programs. The value of this contributed time does not meet the criteria for recognition and therefore is not reflected in the accompanying consolidated financial statements.

**E. *Allowance for Uncollectible Contributions and Grants Receivable***

The Organization determines whether an allowance for uncollectible contributions and grants receivable should be provided based on prior years' experience and management's analysis of specific promises to give. As of December 31, 2013 and 2012, the Organization determined that no allowance was necessary. During the year ended December 31, 2013, the Organization deemed contributions and grants receivable of \$10,000 to be uncollectible and such amount was written off and recognized as bad debt expense.

**MALARIA NO MORE FUND  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. *Property and Equipment***

Property and equipment is capitalized by the Organization, provided its cost is \$1,000 or more and its useful life is three years or more. Property and equipment is recorded at cost at the date of acquisition or at its fair value at the dates of donation. Depreciation is provided on a straight-line basis over the estimated life of the asset or, in the case of leasehold improvements, the term of the lease, whichever is shorter.

**G. *Grants Payable***

Grants payable are recorded at the time the grant is awarded, unless there is an unconditional right to revoke the grant commitment or the grant is contingent on future events. Grants awarded but unpaid at year end are reported as grants payable in the accompanying statements of financial position. The Organization has not made any grants with restrictions that would revoke the grant. Unless material, the Organization does not discount to present value grants that are scheduled to be paid in greater than one year.

As of December 31, 2013 and 2012, grants payable were scheduled to be paid as follows:

	2013	2012
Payable within one year	\$ -	\$ 719,147
Payable within one to five years	-	-
Total grants payable	\$ -	\$ 719,147

**H. *Costs of Direct Benefits to Donors***

The direct costs of fundraising events include expenses for the benefit of the donor. For example, meals and facilities rental are considered costs of direct benefits to donors.

**I. *Functional Allocation of Expenses***

The costs of providing the various program and supporting services have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Certain costs have been allocated among the Program and Supporting Services.

**J. *Income Taxes***

The Organization had no uncertain income tax positions as of December 31, 2013 and 2012 in accordance with Accounting Standards Codification (“ASC”) Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions. The Organization is no longer subject to federal or state and local income tax examinations by tax authorities for years ended before 2010.

**K. *Reclassification***

Certain items in the December 31, 2012 consolidated financial statements have been reclassified to conform with the December 31, 2013 presentation. These reclassifications had no impact on the change in net assets for the year ended December 31, 2012.

**MALARIA NO MORE FUND  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 3 – CONTRIBUTIONS AND GRANTS RECEIVABLE**

Contributions and grants receivable consisted of the following as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Due within one year	\$ 3,384,485	\$ 4,318,409
Due within one to five years	<u>150,000</u>	<u>31,000</u>
Total contributions and grants receivable	<u>\$ 3,534,485</u>	<u>\$ 4,349,409</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 21,133	\$ 21,133	5 years
Equipment	192,649	148,862	3-5 years
Furniture and Fixtures	81,489	79,579	7 years
Computer software	<u>18,720</u>	<u>18,720</u>	3 years
Total cost	313,991	268,294	
Less: accumulated depreciation and amortization	<u>142,076</u>	<u>93,344</u>	
Net book value	<u>\$ 171,915</u>	<u>\$ 174,950</u>	

**NOTE 5 – LOAN PAYABLE**

At December 31, 2012, the Organization had a revolving line of credit of \$150,000 with a financial institution and such line of credit expired on December 31, 2012. The outstanding balance was entirely repaid in May 2013 by a Board Member and the amount was recorded as a contribution. The line bore interest at the LIBOR rate applicable to such loans plus 0.75% and borrowings were secured by the assets of a Board member. Interest expense incurred for the line of credit amounted to \$352 and \$1,630 for the years ended December 31, 2013 and 2012, respectively.

**NOTE 6 – DUE TO AFRICAN LEADERS MALARIA ALLIANCE, INC.**

African Leaders Malaria Alliance, Inc. ("ALMA") operated as a program of Malaria No More Fund since incorporation in 2010 until February 22, 2012. Malaria No More Fund however, continued to process transactions on behalf of ALMA until December 31, 2012. As of December 31, 2012, the amount of \$1,194,735 represents funds held by Malaria No More Fund restricted for, and to be transferred to ALMA. This amount was transferred during the year ended December 31, 2013.

**MALARIA NO MORE FUND  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Nightwatch (Nigeria, Chad and Cameroon) Malaria health education program	\$ 1,894,180	\$ 1,812,620
Maximizing global leadership momentum and increase public awareness grant	344,233	1,617,051
Bed nets	52,083	568,797
United Nations Special Envoys program	317,177	224,745
Mothers Against Malaria (Kenya)	570,000	-
Power of One campaign; One dollar delivers a life-saving test and treatment to children in Africa	408,058	102,900
Malaria mobile communications (Tanzania)	197,199	-
Other	<u>415,261</u>	<u>698,994</u>
	<u>\$ 4,198,193</u>	<u>\$ 5,025,107</u>

Net assets totaling \$7,576,942 and \$8,460,087 were released from restrictions during the years ended December 31, 2013 and 2012, respectively, by incurring expenses in satisfaction of donor restrictions.

**NOTE 8 – IN-KIND CONTRIBUTIONS**

- A. During the year ended December 31, 2013, the Organization received donated services in the form of multi-media from several organizations. The donated services were used to increase awareness of the Organization's programs. The total amounted to \$1,244,224 for the year ended December 31, 2013.

Such amounts have been reflected as in-kind contribution revenue and promotion and advertising expense in the accompanying financial statements.

A joint activity is one that involves fundraising in addition to program activities or supporting services activities. Generally, all costs of a joint activity are reported as fundraising expense unless certain criteria relating to purpose, audience and content are met. While the advertising and promotions aired on behalf of the Organization helped to raise awareness of the Organization's programs, the multi-media did not call for a specific action by the audience (other than making a contribution and becoming educated about causes) that will help accomplish the Organization's mission. Therefore, the purpose criterion was not met and the total value of the multi-media donated to the Organization amounting to \$1,244,224 for the year ended December 31, 2013 has been reflected as fundraising expense in the accompanying financial statements.

- B. The Organization also received donated treatment and testing kits for malaria from organizations which amounted to \$521,724. Such amounts have been reflected as in-kind revenue and program expenses for malaria awareness, education and advocacy in the accompanying financial statements.
- C. During the years ended December 31, 2013 and 2012, the Organization received donated legal services totaling \$221,832 and \$399,450, respectively, which have been reflected as in-kind contribution revenue and other professional fees in the accompanying financial statements.

**MALARIA NO MORE FUND  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 9 – RELATED PARTY TRANSACTIONS**

Millennium Promise Alliance, Inc. (“MP”) is a founding supporter of the Organization. Certain officers and board members of MP are also board members of the Organization although the criteria for consolidation are not met. During 2007, the Organization entered into a contractual agreement with MP for space and various administrative services that MP provides to the Organization. For the years ended December 31, 2013 and 2012, approximately \$4,200 and \$24,000 respectively, were charged under the agreement. MP also paid for other expenses on behalf of the Organization which were subsequently reimbursed. At December 31, 2013 and 2012, approximately \$1,050 and \$64,000, respectively, of accounts payable and accrued expenses were due to MP.

As of December 31, 2013 and 2012, approximately \$-0- and \$33,000 were due from MP for shared operating costs and such amounts are included in prepaid expenses and other assets in the accompanying financial statements.

For the years ended December 31, 2013 and 2012, the Organization paid approximately \$112,000 and \$62,000, respectively, in consulting fees to companies of which board members of the Organization are officers. These expenses were for program related services performed by the companies and are reflected as consultant expense in the accompanying statements of functional expenses.

**NOTE 10 – CONCENTRATIONS**

**A. *Concentration of Credit Risk***

Financial instruments that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that may exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Beginning on January 1, 2013 noninterest-bearing transactions accounts will no longer be insured separately from depositors’ other accounts at the same insured depository institutions.

Noninterest-bearing transaction accounts will be added to any depositors other accounts in the applicable ownership category and the aggregate balances insured up to at least the Standard Maximum Deposit Insurance amount of \$250,000 per depositor.

As of December 31, 2013 and 2012, the Organization had insured cash accounts that exceeded the FDIC insurance limit by approximately \$-0- and \$2,487,000, respectively.

As of December 31, 2013 and 2012, the Organization had approximately \$50,000 and \$41,000, respectively, in foreign bank accounts. In addition, the Organization had cash equivalents of approximately \$692,000 and \$712,000, respectively, in financial institutions which were not insured by the FDIC.

**B. *Concentration of Revenues and Receivables***

As of December 31, 2013, four major donors contributed approximately 75% of the total support and revenues (excluding in-kind contributions). Contributions and grants receivable included receivables from two donors, \$2,500,000, that represented 71% of the total contributions and grant receivables.

As of December 31, 2012, three major donors contributed approximately 85% of the total support and revenues (excluding in-kind contributions). Contributions and grants receivable included receivables from two donors, totaling \$3,839,302 that represented approximately 88% of the total contributions and grant receivables.

**MALARIA NO MORE FUND  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 11 – NETGUARANTEE LLC**

As disclosed in Note 1, NetGuarantee was organized in 2009 as a Delaware limited liability company to provide bed net contract guarantees to manufacturers in order to expedite the process of funding the bed net distributions. NetGuarantee partners with commercial insurers and offers a form of payment guarantee to bed net manufacturers before countries receive grant funding. During the year ended December 31, 2010, NetGuarantee provided collateral to a commercial insurer to incentivize the NetGuarantee program. Such collateral amounted to \$-0- and \$356,206, respectively, as of December 31, 2013 and 2012 is reflected as restricted cash in the accompanying statements of financial position

Included in the accompanying consolidated statement of activities for the year ended December 31, 2013 is approximately \$100 and \$86,000 of revenue and expenses, respectively, from NetGuarantee. Included in the accompanying consolidated statement of activities for the year ended December 31, 2012 is approximately \$24,000 and \$315,000 of revenue and expenses, respectively, from NetGuarantee.

Effective May 7, 2013, the NetGuarantee program was transferred to Munich Re. Under the transfer, certain specified, non-financial assets of NetGuarantee were sent to Munich Re and the administration for the program was assumed by Munich Re. The financial assets held by NetGuarantee LLC, a disregarded entity of MNM, were transferred to MNM, with permission of the donors, to fund other projects. NetGuarantee LLC was dissolved on May 7, 2013, and ceased to exist as a subsidiary of MNM.

**NOTE 12 – EMPLOYEE BENEFIT PLANS**

During 2007, the Organization established a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code, as amended (the “401(k) Plan”). Under the terms of the 401(k) Plan, employees were entitled to defer a portion of their annual compensation, within limitations established by the Internal Revenue Code. The 401(k) Plan covered substantially all employees, each of whom must have met certain eligibility requirements as to age and length of service. The Organization matched employee contributions up to 4% of each employee’s eligible compensation.

In December 2011, the Organization’s Board approved a resolution to merge the 401(k) Plan with the ADP TotalSource Retirement Savings Plan (the “Multiple Employer Plan”). The effective date of the merger was January 1, 2012. The Multiple Employer Plan is a qualified plan under Section 401(a) of the Internal Revenue Code.

Under the terms of the Multiple Employer Plan, employees are entitled to defer a portion of their annual compensation, within limitations established by the Internal Revenue Code.

The Multiple Employer Plan covers substantially all employees, each of whom must have met certain eligibility requirements as to age and length of service. The Organization matched employee contributions up to 4% of each employee’s eligible compensation.

Contributions to the Multiple Employer Plan due and paid amounted to approximately \$88,000 and \$82,000 for the years ended December 31, 2013 and 2012 respectively.

On June 24, 2014, the Organization’s Board approved a resolution to merge the 401(k) Plan with Transamerica Retirement Solutions Corporation. The effective date of the plan is June 1, 2014.

The Plan covers substantially all employees, each of whom must have met certain eligibility requirements as to age and length of service. The Organization will make a nonelective contribution of 3% of each employee’s eligible compensation.



**MALARIA NO MORE FUND  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

The Organization is committed under three noncancelable operating leases through 2015 for the occupancy of space. Base rent for the premises does not include real estate taxes and other operating expenses for which the Company may be separately liable. The Organization has also entered into several operating lease agreements for office equipment.

In July 2014, the Organization signed a five-year and four month lease agreement with Malaria No More for new office space in Washington D.C. effective September 1, 2014.

Approximate minimum annual payments remaining on the leases for the years ended after December 31, 2012 are as follows:

	<u>Real Property</u>	<u>Office Equipment</u>	<u>Total</u>
2014	\$ 369,000	\$ 8,000	\$ 377,000
2015	<u>290,000</u>	<u>-</u>	<u>290,000</u>
	<u>\$ 659,000</u>	<u>\$ 8,000</u>	<u>\$ 667,000</u>

Total rent expense for office space for the years ended December 31, 2013 and 2012 amounted to approximately \$473,000 and \$442,000, respectively.

Total expenses for office equipment and furniture, including purchases of equipment and furniture that are not required to be capitalized, amounted to approximately \$28,000 and \$17,000 for the years ended December 31, 2013 and 2012, respectively.

The Organization subleases real property to certain tenants under one-year lease agreements. Rental income from subleases amounted to approximately \$111,000 and \$71,000 for the years ended December 31, 2013 and 2012, respectively, and is included in other revenues in the accompanying financial statements.

Future minimum rental income as at December 31, 2013 as follows:

	<u>Real Property</u>
2014	\$ 118,000
2015	<u>41,000</u>
	<u>\$ 159,000</u>

**NOTE 14 – SUBSEQUENT EVENTS**

The Organization has evaluated, for potential recognition and disclosure, events subsequent to the statement of financial position date through August 4, 2014, the date the consolidated financial statements were available to be issued. Except as disclosed in Note 12, no events have occurred subsequent to the consolidated statement of financial position date through August 4, 2014 that would require adjustment to or disclosure in the consolidated financial statements.