



Financial Statements

For the Years Ended December 31, 2015 and 2014

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Independent Auditor's Report

**To The Board of Directors
Malaria No More Fund
Seattle, Washington**

We have audited the accompanying financial statements of Malaria No More Fund (the Organization) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Malaria No More Fund as of December 31, 2015, and the changes in its net assets, its functional expenses and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the Organization as of and for the year ended December 31, 2014, before the restatement described in Note 12, were audited by other auditors, whose report dated September 16, 2015, expressed an unmodified opinion on those statements.

As part of our audit of the December 31, 2015, financial statements, we also audited the adjustments described in Note 12 that were applied to restate the December 31, 2014, financial statements. In our opinion, the adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply procedures to the December 31, 2014, financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the December 31, 2014, financial statements as a whole.

Clark Nuber PS

Certified Public Accountants
September 8, 2016

MALARIA NO MORE FUND

**Statements of Financial Position
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014 (Restated)</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,070,832	\$ 3,141,366
Contributions and grants receivable, net	3,708,022	6,530,194
Prepaid expenses and other assets	<u>100,945</u>	<u>49,996</u>
Total Current Assets	5,879,799	9,721,556
Contributions and grants receivable, net of current portion	242,902	2,980,804
Property, equipment and leasehold improvements, net	<u>361,205</u>	<u>155,116</u>
Total Assets	<u>\$ 6,483,906</u>	<u>\$ 12,857,476</u>
Liabilities:		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 372,864	\$ 655,213
Notes payable, current portion	18,509	
Deferred lease incentive, current portion	12,000	
Grants payable, current portion	<u>1,110,601</u>	<u>1,100,294</u>
Total Current Liabilities	1,513,974	1,755,507
Notes payable, net of current portion	79,769	
Deferred lease incentive, net of current portion	40,000	
Grants payable, net of current portion	<u>1,102,662</u>	<u>1,102,662</u>
Total Liabilities	1,633,743	2,858,169
Net Assets:		
Unrestricted	319,636	1,150,458
Temporarily restricted	<u>4,530,527</u>	<u>8,848,849</u>
Total Net Assets	<u>4,850,163</u>	<u>9,999,307</u>
Total Liabilities and Net Assets	<u>\$ 6,483,906</u>	<u>\$ 12,857,476</u>

See accompanying notes.

MALARIA NO MORE FUND**Statement of Activities
For the Year Ended December 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating Support and Revenue:			
Contributions and grants	\$ 1,346,997	\$ 3,956,810	\$ 5,303,807
In-kind contributions	578,296		578,296
Fundraising events, net of costs of direct benefits to donors of \$132,626	169,544		169,544
Other income	59,166		59,166
Interest income	1,101		1,101
Net assets released from restrictions	<u>8,275,132</u>	<u>(8,275,132)</u>	
Total Operating Support and Revenue	10,430,236	(4,318,322)	6,111,914
Expenses:			
Program services	9,016,549		9,016,549
Administrative and support	1,597,204		1,597,204
Fundraising	<u>572,894</u>		<u>572,894</u>
Total Expenses	11,186,647		11,186,647
Change in Net Assets From Operations	(756,411)	(4,318,322)	(5,074,733)
Nonoperating Activity:			
Foreign currency exchange loss	(53,802)		(53,802)
Loss on disposal of property and equipment	<u>(20,609)</u>		<u>(20,609)</u>
Change in Net Assets	(830,822)	(4,318,322)	(5,149,144)
Net assets - beginning of year (restated)	<u>1,150,458</u>	<u>8,848,849</u>	<u>9,999,307</u>
Net Assets - End of Year	<u>\$ 319,636</u>	<u>\$ 4,530,527</u>	<u>\$ 4,850,163</u>

See accompanying notes.

MALARIA NO MORE FUND**Statement of Activities
For the Year Ended December 31, 2014**

	Unrestricted (Restated)	Temporarily Restricted (Restated)	Total (Restated)
Support and Revenue:			
Contributions and grants	\$ 2,672,973	\$ 17,803,494	\$ 20,476,467
In-kind contributions	350,675		350,675
Fundraising events, net of costs of direct benefits to donors of \$369,926	714,833		714,833
Other income	137,116		137,116
Interest income	417		417
Net assets released from restrictions	<u>13,152,838</u>	<u>(13,152,838)</u>	
Total Support and Revenue	17,028,852	4,650,656	21,679,508
Expenses:			
Program services	13,199,503		13,199,503
Administrative and support	1,913,264		1,913,264
Fundraising	<u>697,674</u>		<u>697,674</u>
Total Expenses	<u>15,810,441</u>		<u>15,810,441</u>
Change in Net Assets	1,218,411	4,650,656	5,869,067
Net assets - beginning of year	<u>(67,953)</u>	<u>4,198,193</u>	<u>4,130,240</u>
Net Assets - End of Year	<u>\$ 1,150,458</u>	<u>\$ 8,848,849</u>	<u>\$ 9,999,307</u>

See accompanying notes.

MALARIA NO MORE FUND

**Statement of Functional Expenses
For the Year Ended December 31, 2015 (With Comparative Totals for 2014)**

	<u>Supporting Services</u>			2015 Total	2014 Total (Restated)
	<u>Program Services</u>	<u>Administrative and Support</u>	<u>Fundraising</u>		
Salaries and Related Costs:					
Salaries and wages	\$ 2,455,479	\$ 793,434	\$ 239,540	\$ 3,488,453	\$ 4,024,256
Payroll taxes and employee benefits	397,891	144,344	44,560	586,795	763,560
Total Salaries and Related Costs	2,853,370	937,778	284,100	4,075,248	4,787,816
Consultants	1,761,884	45,499	21,000	1,828,383	1,689,409
Program implementation fees	1,327,493			1,327,493	3,104,388
Travel	808,645	86,058	27,593	922,296	820,474
Grants	610,316			610,316	3,401,682
Other professional fees	323,562	180,251	63,800	567,613	100,358
Occupancy costs	308,739	90,374	84,990	484,103	422,787
Bed nets and other materials	266,091			266,091	506,534
Events	44,079	13,901	61,647	119,627	163,137
Office expenses	49,574	50,484	5,964	106,022	154,357
Telephone	40,652	44,236	3,616	88,504	126,483
Depreciation and amortization	31,290	25,820	627	57,737	48,042
Dues and subscriptions	30,320	6,433	1,007	37,760	3,450
Repairs and maintenance	7,492	30,144	50	37,686	24,295
Bank charges and fees and miscellaneous	4,631	10,576	16,706	31,913	43,039
Insurance	2,953	25,140		28,093	41,325
Printing and publications	13,458	923	1,794	16,175	21,203
Conferences and seminars		1,975		1,975	987
Interest expense		1,316		1,316	
Total Before In-Kind Expenses	8,484,549	1,550,908	572,894	10,608,351	15,459,766
In-Kind Expenses:					
Donated treatment and testing kits	532,000			532,000	312,000
Other professional fees		46,296		46,296	38,675
Total In-Kind Expenses	532,000	46,296		578,296	350,675
Total Expenses	\$ 9,016,549	\$ 1,597,204	\$ 572,894	\$ 11,186,647	\$ 15,810,441

See accompanying notes.

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**Statement of Functional Expenses
For the Year Ended December 31, 2014**

	Program Services (Restated)	Supporting Services		Total (Restated)
		Administrative and Support	Fundraising	
Salaries and Related Costs:				
Salaries and wages	\$ 2,888,359	\$ 755,792	\$ 380,105	\$ 4,024,256
Payroll taxes and employee benefits	505,270	171,566	86,724	763,560
Total Salaries and Related Costs	3,393,629	927,358	466,829	4,787,816
Grants	3,401,682			3,401,682
Program implementation fees	3,104,388			3,104,388
Consultants	1,312,387	311,811	65,211	1,689,409
Travel	707,518	52,903	60,053	820,474
Bed nets	506,534			506,534
Occupancy costs	69,532	353,255		422,787
Events	114,424	1,206	47,507	163,137
Office expenses	112,908	29,199	12,250	154,357
Telephone	68,339	50,429	7,715	126,483
Other professional fees	36,912	63,446		100,358
Depreciation and amortization	23,641	23,795	606	48,042
Bank charges and fees and miscellaneous	14,806	3,962	24,271	43,039
Insurance	4,467	36,108	750	41,325
Repairs and maintenance	3,995	20,080	220	24,295
Printing and publications	12,341	50	8,812	21,203
Dues and subscriptions			3,450	3,450
Conferences and seminars		987		987
Total Before In-Kind Expenses	12,887,503	1,874,589	697,674	15,459,766
In-Kind Expenses:				
Donated treatment and testing kits	312,000			312,000
Other professional fees		38,675		38,675
Total In-Kind Expenses	312,000	38,675		350,675
Total Expenses	\$ 13,199,503	\$ 1,913,264	\$ 697,674	\$ 15,810,441

See accompanying notes.

MALARIA NO MORE FUND

**Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014 (Restated)</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (5,149,144)	\$ 5,869,067
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities-		
Depreciation and amortization	57,737	48,042
Loss on disposal of property and equipment	20,609	19,764
Changes in operating assets and liabilities:		
Contributions and grants receivable	5,560,074	(5,976,513)
Prepaid expenses and other assets	(50,949)	(3,050)
Accounts payable and accrued expenses	(282,349)	244,413
Deferred lease incentive	52,000	
Grants payable	<u>(1,092,355)</u>	<u>2,202,956</u>
Net Cash (Used) Provided by Operating Activities	(884,377)	2,404,679
Cash Flows From Investing Activities:		
Acquisitions of property and equipment	(263,131)	(51,007)
Proceeds from sale of property and equipment	<u>1,000</u>	
Net Cash Used by Investing Activities	(262,131)	(51,007)
Cash Flows From Financing Activities:		
Proceeds from notes payable	80,754	
Principal payments on notes payable	<u>(4,780)</u>	
Net Cash Provided by Financing Activities	75,974	
Net Change in Cash and Cash Equivalents	(1,070,534)	2,353,672
Cash and cash equivalents - beginning of year	<u>3,141,366</u>	<u>787,694</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,070,832</u>	<u>\$ 3,141,366</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 1,316	\$ -

See accompanying notes.

MALARIA NO MORE FUND

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 1 - Organization and Nature of Operations

Malaria No More Fund (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. The Organization received its public charity determination from the Internal Revenue Service in 2006 and commenced operations on August 1, 2007. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization mobilizes the political will and global resources required to achieve malaria eradication. Building innovative partnerships, it 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. It uses a highly targeted, proven advocacy and strategic communications model to elevate malaria on the global agenda and translate political support into funding. In addition, the Organization engages the private and public sectors to provide life-saving bed nets and other critical interventions to families in Africa. The Organization works with two affiliates, Malaria No More UK and Malaria No More Japan. While these entities share a similar mission and common objectives with the Organization, they are independent legal entities.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation - The 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). For the purposes of financial reporting, the Organization classifies resources into three net asset categories pursuant to any donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets restricted by donor-imposed stipulations to be invested in perpetuity. The Organization had no permanently restricted net assets as of December 31, 2015 and 2014.

Support and revenue are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Temporary restrictions expire when the donor-stipulated purpose has been fulfilled and/or the donor-stipulated time period has elapsed. Expirations of temporary restrictions result in the reclassification of temporarily restricted net assets to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents - For the purposes of the statements of cash flows, the Organization considers highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash held in foreign banks totaled approximately \$580,000 and \$330,000 as of December 31, 2015 and 2014, respectively.

Contributions and Grants Receivable - Contributions and grants receivable are stated 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 contributions and grants receivable. The Organization determined that no allowance was necessary as of December 31, 2015 and 2014.

MALARIA NO MORE FUND

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 2 - Continued

Property, Equipment and Leasehold Improvements - The Organization capitalizes property, equipment and leasehold improvements with a cost of \$1,000 or greater when purchased or at fair value on the date donated. The cost of furniture and equipment is depreciated over the estimated useful life of the assets, generally three to seven years, and is computed using the straight-line method. Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever is shorter. Expenditures for maintenance and repairs which do not extend the useful lives of the related assets are charged to operations as incurred.

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. Unless material, the Organization does not discount to present value grants that are scheduled to be paid in greater than one year.

Contributions and Grants Revenue Recognition - Contributions and grants 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 for contributions and grants to be received after more than one year. The Organization has established a de minimis rate of 10% for overhead costs. Accordingly, 10% of the amount of donor-restricted grants is recorded as unrestricted support and revenue at the time the grant is received on the statements of activities, unless a different rate has been agreed to by the donor. The donor-restricted portion of the grants is reclassified to unrestricted net assets as the restricted purpose is satisfied.

In-Kind Contributions - The Organization receives various types of donated goods and services. In-kind contributions 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. 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 financial statements.

Fundraising Events and the Costs of Direct Benefits to Donors - The Organization holds fundraising events. Revenue from these events is recognized on the statements of activities, net of the costs associated with the direct benefit to donors. Direct benefits to donors include items such as meals and facilities rental.

Functional Allocation of Expenses - The costs of providing the various program and supporting services have been summarized on a functional basis in the accompanying statements of activities and statements of functional expenses. Certain costs have been allocated among the program and supporting services benefited.

Operating Activities - The statements of activities includes a measure of change in net assets from operating activities. Changes in net assets that are excluded from operating results include foreign currency translation gains and losses and gains and losses on the disposal of property and equipment.

Tax Exempt Status - The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code (IRC).

Foreign Currency Translation - Substantially all assets and liabilities of the Organization that are held in foreign currencies are translated at year end exchange rates.

MALARIA NO MORE FUND

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 2 - Continued

Revenue and expenses are translated at the average monthly exchange rates during the year. Gains and losses from foreign currency translation for the year are included in the statements of activities as nonoperating gains or losses.

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to the 2014 amounts to conform to the 2015 presentation. The reclassifications have no effect on the previously reported total assets, liabilities, net assets, or change in net assets for 2014.

Restatement - The 2014 financial statements have been restated to reflect certain transactions. Please see Note 12.

Subsequent Events - The Organization has evaluated subsequent events through September 8, 2016, the date on which the financial statements were available to be issued. No events have occurred subsequent to the date of the statements of financial position that require adjustment or disclosure in the financial statements.

Note 3 - Contributions and Grants Receivable

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

	2015	2014 (Restated)
Due within one year	\$ 3,708,022	\$ 6,530,194
Due within two to five years	242,902	3,002,266
	3,950,924	9,532,460
Less present value discount		(21,462)
Contributions and Grants Receivable, Net	\$ 3,950,924	\$ 9,510,998

A present value discount was calculated with a discount rate of 0.71% of pledges due within two to five years as of December 31, 2014. The present value discount was immaterial as of December 31, 2015.

MALARIA NO MORE FUND

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 4 - Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements consisted of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 228,392	\$ 182,223
Leasehold improvements	172,579	21,133
Furniture and fixtures	92,920	96,363
Computer software	<u>18,720</u>	<u>18,720</u>
	512,611	318,439
Less accumulated depreciation and amortization	<u>(151,406)</u>	<u>(163,323)</u>
Property, Equipment and Leasehold Improvements, Net	<u>\$ 361,205</u>	<u>\$ 155,116</u>

Note 5 - Grants Payable

Grants payable consisted of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Payable within one year	\$ 1,110,601	\$ 1,100,294
Payable within two to five years	<u> </u>	<u>1,110,601</u>
	1,110,601	2,210,895
Less present value discount	<u> </u>	<u>(7,939)</u>
Grants Payable, Net	<u>\$ 1,110,601</u>	<u>\$ 2,202,956</u>

A present value discount was calculated with a discount rate of 0.71% of grants payable due within two to five years as of December 31, 2014. The present value discount was immaterial as of December 31, 2015.

Note 6 - Notes Payable

Notes payable consist of a note to the lessor of the Organization's Seattle office, and a capital lease for office equipment.

The note to the lessor is dated September 1, 2015, and matures on September 30, 2020. Monthly payments of \$1,534 are due the first day of each month, beginning in October 2015. The note bears interest at 5% per annum and is unsecured. Interest expense totaled \$1,316 for the year ended December 31, 2015.

Assets and liabilities under the capital lease for office equipment are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lesser of the lease term or their estimated productive lives. Amortization of the assets is included in depreciation expense. The carrying value of the assets as of December 31, 2015 was \$22,304. There was no depreciation on the assets as of December 31, 2015. There were no capital leases for the year ended December 31, 2014.

MALARIA NO MORE FUND

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 6 - Continued

Scheduled principal payments for notes payable are as follows:

For the Year Ending December 31,

	<u>Lessor Note</u>	<u>Capital Lease</u>	<u>Total</u>
2016	\$ 14,825	\$ 3,684	\$ 18,509
2017	15,583	4,216	19,799
2018	16,381	4,431	20,812
2019	17,219	4,658	21,877
2020	11,966	5,315	17,281
	<u>\$ 75,974</u>	<u>\$ 22,304</u>	<u>\$ 98,278</u>

Note 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of December 31:

	<u>2015</u>	<u>2014 (Restated)</u>
Defining the Next Phase of the Malaria Fight: From Control to Elimination	\$ 2,454,544	\$ 4,263,246
Malaria Health Education Programs in Cameroon and Chad	1,238,158	31,212
Use of Mobile Communications to Track Malaria in Nigeria	376,959	540,000
Support for the Office of the United Nations Special Envoy for Malaria	321,407	2,838,201
Distribution of Malaria Tests and Treatments in Africa	57,465	356,282
Malaria Health Education Programs in Kenya	32,721	335,169
Other	49,273	484,739
Total Temporarily Restricted Net Assets	<u>\$ 4,530,527</u>	<u>\$ 8,848,849</u>

Net assets totaling \$8,275,132 and \$13,152,838 were released from restrictions during the years ended December 31, 2015 and 2014, respectively, by incurring expenses in satisfaction of donor restrictions.

Note 8 - In-Kind Contributions

During the years ended December 31, 2015 and 2014, the Organization received donated treatment and testing kits for malaria from organizations with fair values totaling \$532,000 and \$312,000, respectively. Such amounts have been reflected as in-kind revenue and program expenses for malaria awareness, education and advocacy in the financial statements.

During the years ended December 31, 2015 and 2014, the Organization received donated legal services totaling \$46,296 and \$38,675, respectively, which have been reflected as in-kind contribution revenue and administrative and support expenses in the financial statements.

MALARIA NO MORE FUND

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 9 - Employee Benefit Plan

During 2007, the Organization established a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code (IRC), 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 IRC. The 401(k) plan covered substantially all employees, each of whom must have met certain eligibility requirements as to age and length of service.

In June 2014, the Organization's board of directors approved a resolution to merge the 401(k) plan with Transamerica Retirement Solutions Corporation (the updated plan). The effective date of the updated plan was June 1, 2014.

The updated plan covers substantially all employees, each of whom must have met certain eligibility requirements as to age and length of service. The Organization makes a non-elective safe-harbor contribution of 3% of each employee's eligible compensation. Contributions to the updated plan totaled approximately \$49,000 and \$82,000 for the years ended December 31, 2015 and 2014, respectively.

Note 10 - Commitments and Contingencies

The Organization leases facilities space under various non-cancelable operating leases in Seattle, Washington DC, New York, Cameroon and Kenya. Base rent for the facilities does not include real estate taxes and other operating expenses that may be assessed to the Organization. One lease expired during 2015. The remaining leases generally expire during 2016, 2019 and 2020. The Seattle lessor provided for certain leasehold improvements, which have been reflected in the financial statements as deferred lease incentive that will amortize over the term of the lease.

The Organization also leases office equipment under non-cancelable operating leases.

Future minimum lease payments for non-cancelable operating leases are as follows:

For the Year Ending December 31,

2016	\$	149,085
2017		138,784
2018		141,939
2019		145,167
2020		20,042
		<hr/>
	\$	<u>595,017</u>

Rent expense totaled approximately \$449,000 and \$423,000 for the years ended December 31, 2015 and 2014, respectively.

Note 10 - Continued

The Organization sublet real property to certain tenants under one-year lease agreements. Rental income from subleases totaled approximately \$59,000 and \$137,000 for the years ended December 31, 2015 and 2014, respectively, and is included in other revenues in the accompanying financial statements. The lease agreements with subtenants ended in November 2015.

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Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 11 - Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents held by financial institutions at times exceeded Federal Deposit Insurance Corporation insured limits.

As of December 31, 2015 and 2014, 93% and 89%, respectively, of the Organization's contributions and grants receivable was from two donors and one donor, respectively.

For the years ended December 31, 2015 and 2014, 37% and 52%, respectively, of the Organization's revenue and support was from two donors.

For the years ended December 31, 2015 and 2014, 83% and 96%, respectively, of the Organization's grants expense consisted of grants awarded to an affiliate (Note 1).

Note 12 - Restatement

During 2015, management determined that a transaction reflected in the financial statements as an agency transaction in 2014 should have been recognized as contributions and grants revenue and grants expense for the portion awarded to a subgrantee. As a result, contributions and grants revenue and grants expense for the year ended December 31, 2014, were each understated by \$3,283,882. Management made a prior period adjustment to appropriately recognize the contributions and grants revenue and grants expense during the year ended December 31, 2014.

During 2015, management determined that a grant awarded in 2014 had not been recognized as contributions and grants revenue until 2015. As a result, contributions and grants revenue was understated by \$2,750,000 for the year ended December 31, 2014, and was overstated by the same amount for the year ended December 31, 2015. Management made a prior period adjustment to appropriately recognize the contributions and grants revenue during the year ended December 31, 2014.

The table below reflects the effects of the prior period adjustments on the financial statements as of and for the year ended December 31, 2014.

	Previously Reported	Subgrantee Adjustment	Timing Adjustment	As Restated
Statement of Activities-				
Unrestricted contributions and grants	\$ 2,639,225	\$ -	\$ 33,748	\$ 2,672,973
Temporarily restricted contributions and grants	11,803,360	3,283,882	2,716,252	17,803,494
Total support and revenue	15,645,626	3,283,882	2,750,000	21,679,508
Net assets released from restrictions	9,868,956	3,283,882		13,152,838
Grants expense	117,800	3,283,882		3,401,682
Program expense	9,915,621	3,283,882		13,199,503
Total expenses	12,526,559	3,283,882		15,810,441
Change in net assets	3,119,067		2,750,000	5,869,067
Statement of Financial Position-				
Contributions and grants receivable	6,760,998		2,750,000	9,510,998
Total assets	10,107,476		2,750,000	12,857,476
Unrestricted net assets	1,116,710		33,748	1,150,458
Temporarily restricted net assets	6,132,597		2,716,252	8,848,849
Total net assets	7,249,307		2,750,000	9,999,307