



Consolidated Financial Statements
For the Years Ended December 31, 2017 and 2016

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Malaria No More Fund and its Controlled Entity (collectively, the Organization) which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, 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.

Auditor's 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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.



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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017 and 2016, and the changes in its net assets, its functional expenses and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matter

As discussed in Notes 1 and 2 to the consolidated financial statements, Malaria No More Fund formed a nongovernmental organization (the Controlled Entity) during the year ended December 31, 2017. The activity of the Controlled Entity is included in the Organization's consolidated financial statements. Our opinion is not modified with respect to this matter.

Clark Nuber PS
Certified Public Accountants
August 9, 2018

MALARIA NO MORE FUND AND CONTROLLED ENTITY

**Consolidated Statements of Financial Position
December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,852,299	\$ 1,872,452
Grants receivable, current portion, net	5,471,575	735,982
Contributions receivable, net	164,500	306,300
Prepaid expenses and other assets	<u>56,904</u>	<u>149,038</u>
Total Current Assets	7,545,278	3,063,772
Grants receivable, net of current portion	2,825,000	
Property, equipment and leasehold improvements, net	<u>283,616</u>	<u>286,545</u>
Total Assets	<u>\$ 10,653,894</u>	<u>\$ 3,350,317</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 285,769	\$ 440,648
Notes payable, current portion	21,112	19,799
Deferred lease incentive, current portion	12,000	12,000
Grants payable, current portion	<u>2,043,726</u>	<u>74,940</u>
Total Current Liabilities	2,362,607	547,387
Notes payable, net of current portion	36,173	58,601
Deferred lease incentive, net of current portion	16,000	28,000
Grants payable, net of current portion	<u>1,341,597</u>	<u></u>
Total Liabilities	3,756,377	633,988
Net Assets:		
Unrestricted	206,037	468,370
Temporarily restricted	<u>6,691,480</u>	<u>2,247,959</u>
Total Net Assets	<u>6,897,517</u>	<u>2,716,329</u>
Total Liabilities and Net Assets	<u>\$ 10,653,894</u>	<u>\$ 3,350,317</u>

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

**Consolidated Statement of Activities
For the Year Ended December 31, 2017**

	Unrestricted	Temporarily Restricted	Total
Operating Support and Revenue:			
Contributions and grants	\$ 1,328,616	\$ 15,109,614	\$ 16,438,230
In-kind contributions	45,381		45,381
Fundraising events, net of costs of direct benefits to donors of \$368,324	553,226		553,226
Interest income	4,820		4,820
Net assets released from restrictions	10,536,946	(10,536,946)	
Total Operating Support and Revenue	12,468,989	4,572,668	17,041,657
Expenses:			
Program services	11,117,816		11,117,816
Administrative and support	986,232		986,232
Fundraising	638,426		638,426
Total Expenses	12,742,474		12,742,474
Change in Net Assets From Operations	(273,485)	4,572,668	4,299,183
Nonoperating Activity:			
Foreign currency exchange gain	15,912		15,912
Gain on disposal of property and equipment	2,240		2,240
Loss on contributions receivable	(7,000)	(129,147)	(136,147)
Change in Net Assets	(262,333)	4,443,521	4,181,188
Net assets, beginning of year	468,370	2,247,959	2,716,329
Net Assets, End of Year	\$ 206,037	\$ 6,691,480	\$ 6,897,517

See accompanying notes.

MALARIA NO MORE FUND

**Consolidated Statement of Activities
For the Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Total
Operating Support and Revenue:			
Contributions and grants	\$ 1,066,946	\$ 6,075,659	\$ 7,142,605
In-kind contributions	97,345		97,345
Fundraising events, net of costs of direct benefits to donors of \$390,695	842,445		842,445
Interest income	3,552		3,552
Net assets released from restrictions	8,358,227	(8,358,227)	
Total Operating Support and Revenue	10,368,515	(2,282,568)	8,085,947
Expenses:			
Program services	8,565,574		8,565,574
Administrative and support	1,003,946		1,003,946
Fundraising	606,460		606,460
Total Expenses	10,175,980		10,175,980
Change in Net Assets From Operations	192,535	(2,282,568)	(2,090,033)
Nonoperating Activity:			
Foreign currency exchange loss	(21,701)		(21,701)
Loss on disposal of property and equipment	(2,100)		(2,100)
Loss on contributions receivable	(20,000)		(20,000)
Change in Net Assets	148,734	(2,282,568)	(2,133,834)
Net assets, beginning of year	319,636	4,530,527	4,850,163
Net Assets, End of Year	\$ 468,370	\$ 2,247,959	\$ 2,716,329

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	Program Services	Supporting Services		2017 Total	2016 Total
		Administrative and Support	Fundraising		
Salaries and Related Costs:					
Salaries and wages	\$ 2,194,454	\$ 460,300	\$ 424,143	\$ 3,078,897	\$ 3,442,501
Payroll taxes and employee benefits	339,245	126,694	73,436	539,375	636,455
Total Salaries and Related Costs	2,533,699	586,994	497,579	3,618,272	4,078,956
Grants	5,628,905			5,628,905	2,081,133
Program implementation expenses	1,033,251			1,033,251	1,014,202
Consultants	760,242	31,307	35,600	827,149	999,875
Travel	503,649	12,645	21,508	537,802	624,240
Events	8,735	105	377,156	385,996	433,695
Other professional fees	208,562	88,015	7,487	304,064	699,857
Occupancy costs	152,661	17,279	26,354	196,294	170,934
Bed nets and other materials	193,320			193,320	
Depreciation and amortization	31,133	50,717	1,637	83,487	81,959
Telephone	5,748	53,499		59,247	65,096
Dues and subscriptions	29,776	22,095	3,927	55,798	42,461
Insurance	3,830	30,862		34,692	43,573
Office expenses	21,040	4,335	2,000	27,375	47,146
Repairs and maintenance	109	26,770		26,879	21,011
Printing and publications	1,257	250	22,912	24,419	38,636
Bank charges and fees and miscellaneous		21,275	2,490	23,765	21,296
Interest		2,704		2,704	3,462
Conferences and seminars	1,899	99		1,998	1,798
Total before in-kind expenses	11,117,816	948,951	998,650	13,065,417	10,469,330
In-Kind Expenses:					
Professional services		37,281		37,281	22,345
Auction items			8,100	8,100	
Donated advertising					75,000
Total Expenses	11,117,816	986,232	1,006,750	13,110,798	10,566,675
Less special event expenses			(368,324)	(368,324)	(390,695)
Total Expenses, Net	\$ 11,117,816	\$ 986,232	\$ 638,426	\$ 12,742,474	\$ 10,175,980

See accompanying notes.

MALARIA NO MORE FUND

**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2016**

	Program Services	Supporting Services		Total
		Administrative and Support	Fundraising	
Salaries and Related Costs:				
Salaries and wages	\$ 2,601,935	\$ 469,857	\$ 370,709	\$ 3,442,501
Payroll taxes and employee benefits	448,758	109,702	77,995	636,455
Total Salaries and Related Costs	3,050,693	579,559	448,704	4,078,956
Grants	2,081,133			2,081,133
Program implementation expenses	1,014,202			1,014,202
Consultants	982,819	7,013	10,043	999,875
Other professional fees	558,709	138,535	2,613	699,857
Travel	596,635	11,544	16,061	624,240
Events	39,151		394,544	433,695
Occupancy costs	124,164	19,416	27,354	170,934
Depreciation and amortization	28,677	51,762	1,520	81,959
Telephone	3,047	61,802	247	65,096
Office expenses	25,555	21,150	441	47,146
Insurance	7,343	36,230		43,573
Dues and subscriptions	26,948	11,228	4,285	42,461
Printing and publications	22,171	2,265	14,200	38,636
Bank charges and fees and miscellaneous	1,623	17,530	2,143	21,296
Repairs and maintenance	1,504	19,507		21,011
Interest		3,462		3,462
Conferences and seminars	1,200	598		1,798
Total before in-kind expenses	8,565,574	981,601	922,155	10,469,330
In-Kind Expenses:				
Donated advertising			75,000	75,000
Professional services		22,345		22,345
Total Expenses	8,565,574	1,003,946	997,155	10,566,675
Less special event expenses			(390,695)	(390,695)
Total Expenses, Net	\$ 8,565,574	\$ 1,003,946	\$ 606,460	\$ 10,175,980

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

**Consolidated Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 4,181,188	\$ (2,133,834)
Adjustments to reconcile change in net assets to net cash generated/(used) by operating activities-		
Depreciation and amortization	83,487	81,959
(Gain)/loss on disposal of property and equipment	(2,240)	2,100
Loss on contributions receivable	136,147	20,000
Changes in operating assets and liabilities:		
Grants receivable	(7,696,740)	2,934,942
Contributions receivable	141,800	(46,300)
Prepaid expenses and other assets	92,134	(48,093)
Accounts payable and accrued expenses	(154,879)	67,784
Deferred lease incentive	(12,000)	(12,000)
Grants payable	3,310,383	(1,035,661)
Net Cash Generated/(Used) by Operating Activities	79,280	(169,103)
Cash Flows From Investing Activities:		
Acquisitions of property and equipment	(78,318)	(19,805)
Proceeds from sale of property and equipment		10,406
Net Cash Used by Investing Activities	(78,318)	(9,399)
Cash Flows From Financing Activities:		
Principal payments on capital lease	(5,532)	(5,053)
Principal payments on notes payable	(15,583)	(14,825)
Net Cash Used by Financing Activities	(21,115)	(19,878)
Net Change in Cash and Cash Equivalents	(20,153)	(198,380)
Cash and cash equivalents, beginning of year	1,872,452	2,070,832
Cash and Cash Equivalents, End of Year	\$ 1,852,299	\$ 1,872,452
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 2,704	\$ 3,462

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2017 and 2016

Note 1 - Organization and Nature of Operations

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

Malaria No More Fund 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, Malaria No More Fund engages the private and public sectors to provide life-saving bed nets and other critical interventions to families in Africa.

Malaria No More Kenya (the Controlled Entity) was registered as a nongovernmental organization (NGO) in Kenya in November 2017. The Controlled Entity had no activity during the year ended December 31, 2017. Malaria No More Fund controls and has an economic interest in the Controlled Entity.

The Organization works with three affiliates: Malaria No More UK, Malaria No More Japan, and Malaria Elimination Trust. While these entities share a similar mission and common objectives with Malaria No More Fund, they are independent legal entities and Malaria No More Fund does not have control or economic interest in any of the affiliated entities.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include the accounts of Malaria No More Fund and its Controlled Entity (collectively, the Organization). All inter-entity accounts and transactions have been eliminated in consolidation.

Basis of Presentation - The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting under accounting principles generally accepted in the United States of America (U.S. GAAP).

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, 2017 or 2016.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2017 and 2016

Note 2 - Continued

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 consolidated statements of cash flows, the Organization considers highly liquid instruments purchased or contributed with a maturity of three months or less to be cash equivalents. Cash held in foreign banks totaled approximately \$96,000 and \$113,000 as of December 31, 2017 and 2016, respectively.

Contributions and Grants Receivable - Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization records a present value discount for all contribution and grants receivable due more than one year from year end, unless the amount is immaterial. Grants receivable reflected as noncurrent on the consolidated statements of financial position as of December 31, 2017 totaled \$2,825,000 and are expected to be collected during 2019. A present value discount was not recorded, as it was deemed immaterial. There were no noncurrent grants receivable as of December 31, 2016.

Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off direct to bad debt expense or through a charge to the valuation allowance and a credit to contributions and grants receivable. Pledges that become uncollectible but have not previously been allowed for are recognized as a loss on contributions receivable in the applicable net asset classification. The Organization determined an allowance was unnecessary as of December 31, 2017 or 2016.

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 consolidated statements of financial position. The Organization records a present value discount for all grants due more than one year from year end, unless the amount is immaterial. Grants payable reflected as noncurrent on the consolidated statements of financial position as of December 31, 2017 will be paid in 2019. A present value discount was not recorded, as it was deemed immaterial. There were no noncurrent grants payable as of December 31, 2016.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2017 and 2016

Note 2 - Continued

Revenue Recognition - Contributions are recognized at their fair value when received or when an unconditional promise is received. Grants are recognized at their fair value when received. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. All restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. The restricted portion of the contribution or grant is released to unrestricted net assets as the restriction is satisfied.

The Organization has established a de minimis rate of 10% for overhead costs, unless a different rate has been agreed by the donor. The resultant overhead portion of donor-restricted contributions or grants is recorded on the consolidated statements of activities as unrestricted support and revenue at the time the contribution or grant is recognized, unless the contribution or grant is restricted for time, in which case the overhead portion is reclassified to unrestricted net assets as the time restriction 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 consolidated financial statements.

Fundraising Events - The Organization holds fundraising events. Revenue from these events is recognized on the consolidated statements of activities, net of the costs associated with the events.

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 activities and consolidated statements of functional expenses. Certain costs have been allocated among the program and supporting services benefited.

Operating Activities - The consolidated statements of activities include 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, gains and losses on the disposal of property and equipment, and losses on contributions receivable.

Foreign Currency Translation - Substantially all assets and liabilities of the Organization that are denominated in foreign currencies are translated at year end exchange rates. 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 consolidated statements of activities as nonoperating gains or losses.

Reclassifications - Certain reclassifications have been made to the 2016 amounts to conform to the 2017 presentation. The reclassifications have no effect on the previously reported total assets, liabilities, net assets or change in net assets for 2016.

Use of Estimates - The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2017 and 2016

Note 3 - Property, Equipment and Leasehold Improvements

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

	<u>2017</u>	<u>2016</u>
Equipment	\$ 196,338	\$ 193,404
Leasehold improvements	181,529	181,529
Furniture and fixtures	92,920	92,920
Computer software	<u>95,458</u>	<u>18,720</u>
	566,245	486,573
Less accumulated depreciation and amortization	<u>(282,629)</u>	<u>(200,028)</u>
Property, Equipment and Leasehold Improvements, Net	<u>\$ 283,616</u>	<u>\$ 286,545</u>

Note 4 - 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. The note bears interest at 5% per annum and is unsecured. Interest expense totaled \$2,704 and \$3,462 for the years ended December 31, 2017 and 2016, respectively.

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 capital lease assets was \$22,304, as of December 31, 2017 and 2016. Depreciation expense of \$5,532 and \$4,461 were recorded on the assets for the years ended December 31, 2017 and 2016, respectively.

Scheduled principal payments for notes payable are as follows:

	<u>Lessor Note</u>	<u>Capital Lease</u>	<u>Total</u>
For the Year Ending December 31,			
2018	\$ 16,681	\$ 4,431	\$ 21,112
2019	17,219	4,658	21,877
2020	<u>11,667</u>	<u>2,629</u>	<u>14,296</u>
Total	<u>\$ 45,567</u>	<u>\$ 11,718</u>	<u>\$ 57,285</u>

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2017 and 2016

Note 5 - Temporarily Restricted Net Assets

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

	<u>2017</u>	<u>2016</u>
Malaria advocacy to advance the malaria eradication	\$ 4,959,421	\$ -
Support for the Office of the United Nations Special Envoy for Malaria	707,855	24,928
Malaria health education programs in Cameroon and Chad	552,379	801,160
Malaria advocacy and health education programs in Kenya	357,687	298,066
Advocacy and behavioral change communications in India	68,242	
Advocacy to roll back malaria	23,976	
Use of mobile communications to track malaria in Nigeria	16,344	175,736
Distribution of malaria tests and treatments in Africa	5,576	207,501
Defining the next phase of the malaria fight: from control to elimination		408,498
Unrestricted as to purpose, but time restricted		250,000
Landscape analysis of malaria advocacy partner networks in India		61,622
Other		20,448
	<u> </u>	<u> </u>
Total Temporarily Restricted Net Assets	<u>\$ 6,691,480</u>	<u>\$ 2,247,959</u>

Net assets totaling \$10,536,946 and \$8,358,227 were released from restrictions during the years ended December 31, 2017 and 2016, respectively, by incurring expenses in satisfaction of donor restrictions. Losses on purpose restricted contributions receivable totaled \$129,147 for the year ended December 31, 2017, and were reported as a reduction of temporarily restricted net assets on the consolidated statement of activities. There were no losses on restricted contributions receivable for the year ended December 31, 2016.

Note 6 - In-Kind Contributions

In-kind contributions existed of the following for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Professional services	\$ 37,281	\$ 22,345
Auction items	8,100	
Donated advertising		75,000
	<u> </u>	<u> </u>
Total In-Kind Contributions	<u>\$ 45,381</u>	<u>\$ 97,345</u>

Note 7 - Employee Benefit Plan

The Organization operates 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 are entitled to defer a portion of their annual compensation, within limitations established by the IRC. The 401(k) plan covers substantially all employees, each of whom must have met certain eligibility requirements as to age and length of service.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2017 and 2016

Note 7 - Continued

The Organization makes a nonelective safe harbor contribution of 3% of each eligible employee's eligible compensation. Contributions to the plan totaled approximately \$84,000 and \$72,000 for the years ended December 31, 2017 and 2016, respectively.

Note 8 - Commitments and Contingencies

The Organization leases facilities space under various noncancelable 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. The remaining leases generally expire during 2019 and 2020. The Seattle lessor provided for certain leasehold improvements, which have been reflected in the consolidated financial statements as deferred lease incentive that will amortize over the term of the lease.

The Organization also leases office equipment under noncancelable operating leases.

Future minimum lease payments for noncancelable operating leases are as follows:

For the Year Ending December 31,

2018	\$ 148,575
2019	145,203
2020	<u>20,078</u>
Total	<u><u>\$ 313,856</u></u>

Rent expense totaled approximately \$196,000 and \$171,000 for the years ended December 31, 2017 and 2016, respectively.

Note 9 - 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, 2017, 80% of grants receivable was from one donor, and 91% of contributions receivable was from three donors. For the year ended December 31, 2017, 72% of revenue and support was from one donor.

As of December 31, 2016, 95% of grants receivable was from one donor, and 82% of contributions receivable was from one donor. For the year ended December 31, 2016, 40% of revenue and support was from two donors.

For the years ended December 31, 2017 and 2016, 97% and 92%, respectively, of the Organization's grants expense consisted of grants awarded to an affiliate (Note 1).

MALARIA NO MORE FUND AND CONTROLLED ENTITY

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2017 and 2016**

Note 10 - Subsequent Events

The Organization has evaluated subsequent events through August 9, 2018, the date on which the consolidated financial statements were available to be issued.