



Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Malaria No More Fund and its Controlled Entities (collectively, the Organization) which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, 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, 2020 and 2019, 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.

Clark Nuber P.S.

Certified Public Accountants

August 26, 2021

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

**Consolidated Statements of Financial Position
December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,889,161	\$ 848,243
Restricted cash	1,500,000	
Grants receivable	2,525,000	171,634
Contributions receivable	10,000	25,000
Prepaid expenses	<u>100,676</u>	<u>35,301</u>
Total Current Assets	7,024,837	1,080,178
Grants receivable, net of current portion	1,475,745	
Property, equipment and leasehold improvements, net	70,275	127,292
Other assets	<u>27,252</u>	<u>30,154</u>
Total Assets	<u>\$ 8,598,109</u>	<u>\$ 1,237,624</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 333,170	\$ 361,066
Grant advances	1,500,000	
Notes payable, current portion		11,966
Deferred lease incentive, current portion		4,000
Grants payable		<u>24,304</u>
Total Current Liabilities	1,833,170	401,336
Total Liabilities	1,833,170	401,336
Net Assets:		
Net assets without donor restrictions	951,969	375,701
Net assets with donor restrictions	<u>5,812,970</u>	<u>460,587</u>
Total Net Assets	<u>6,764,939</u>	<u>836,288</u>
Total Liabilities and Net Assets	<u>\$ 8,598,109</u>	<u>\$ 1,237,624</u>

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

**Consolidated Statement of Activities
For the Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue:			
Contributions and grants	\$ 1,608,497	\$ 8,307,329	\$ 9,915,826
In-kind contributions	280,132	1,738,117	2,018,249
Interest income	2,651		2,651
Net assets released from restrictions	4,693,063	(4,693,063)	
Total Operating Support and Revenue	6,584,343	5,352,383	11,936,726
Expenses:			
Program services	5,009,667		5,009,667
Administrative and support	1,149,781		1,149,781
Fundraising	392,320		392,320
Total Expenses	6,551,768		6,551,768
Change in Net Assets From Operations	32,575	5,352,383	5,384,958
Nonoperating Activity:			
Foreign currency exchange gain	2,057		2,057
Loss on disposal of property and equipment	(222)		(222)
Paycheck Protection Program loan forgiveness	541,858		541,858
Change in Net Assets	576,268	5,352,383	5,928,651
Net assets, beginning of year	375,701	460,587	836,288
Net Assets, End of Year	\$ 951,969	\$ 5,812,970	\$ 6,764,939

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

**Consolidated Statement of Activities
For the Year Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue:			
Contributions and grants	\$ 1,510,165	\$ 1,246,535	\$ 2,756,700
In-kind contributions	107,967	1,900,000	2,007,967
Fundraising events, net of special event expenses to donors of \$200,892	287,158		287,158
Interest income	15,845		15,845
Net assets released from restrictions	6,093,156	(6,093,156)	
Total Operating Support and Revenue	8,014,291	(2,946,621)	5,067,670
Expenses:			
Program services	6,555,392		6,555,392
Administrative and support	862,055		862,055
Fundraising	525,387		525,387
Total Expenses	7,942,834		7,942,834
Change in Net Assets From Operations	71,457	(2,946,621)	(2,875,164)
Nonoperating Activity:			
Foreign currency exchange loss	(9,056)		(9,056)
Loss on disposal of property and equipment	(1,179)		(1,179)
Loss on contributions receivable	(17,000)		(17,000)
Change in Net Assets	44,222	(2,946,621)	(2,902,399)
Net assets, beginning of year	331,479	3,407,208	3,738,687
Net Assets, End of Year	\$ 375,701	\$ 460,587	\$ 836,288

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)**

	Program Services	Supporting Services		2020 Total	2019 Total
		Administrative and Support	Fundraising		
Salaries and Related Costs:					
Salaries and wages	\$ 1,953,914	\$ 306,131	\$ 284,850	\$ 2,544,895	\$ 2,726,775
Payroll taxes and employee benefits	309,461	82,604	52,593	444,658	465,668
Total Salaries and Related Costs	2,263,375	388,735	337,443	2,989,553	3,192,443
Consultants	714,344	65,634	10,855	790,833	581,311
Other professional fees	75,500	166,452		241,952	226,360
Occupancy costs	66,618	23,067	18,946	108,631	163,712
Dues and subscriptions	31,485	39,775	633	71,893	66,887
Depreciation and amortization	19,560	44,709	2,946	67,215	105,289
Telephone	4,625	50,869		55,494	57,449
Grants	34,446			34,446	24,304
Events	27,278		6,645	33,923	334,813
Travel	26,699	2,439	4,616	33,754	538,085
Insurance		30,090		30,090	39,012
Repairs and maintenance		28,021	5	28,026	29,359
Office expenses	2,586	14,196	149	16,931	27,904
Bank charges and fees	3,764	12,067		15,831	15,463
Printing and publications	400		10,082	10,482	19,936
Conferences and seminars	435	3,370		3,805	310
Program implementation fees	435			435	712,054
Interest expense		225		225	1,068
Total before in-kind expenses	3,271,550	869,649	392,320	4,533,519	6,135,759
In-Kind Expenses:					
Media support	1,738,117			1,738,117	1,300,000
Professional services		280,132		280,132	107,967
Diagnostic test kits					600,000
Total Expenses	5,009,667	1,149,781	392,320	6,551,768	8,143,726
Less special event expenses					(200,892)
Total Expenses, Net	\$ 5,009,667	\$ 1,149,781	\$ 392,320	\$ 6,551,768	\$ 7,942,834

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2019**

	Program Services	Supporting Services		Total
		Administrative and Support	Fundraising	
Salaries and Related Costs:				
Salaries and wages	\$ 2,089,235	\$ 303,223	\$ 334,317	\$ 2,726,775
Payroll taxes and employee benefits	330,782	68,399	66,487	465,668
Total Salaries and Related Costs	2,420,017	371,622	400,804	3,192,443
Program implementation expenses	712,054			712,054
Consultants	574,377	6,506	428	581,311
Travel	490,812	8,044	39,229	538,085
Events	133,061	33	201,719	334,813
Other professional fees	82,810	111,376	32,174	226,360
Occupancy costs	106,184	24,176	33,352	163,712
Depreciation and amortization	52,831	50,359	2,099	105,289
Dues and subscriptions	30,160	34,998	1,729	66,887
Telephone	5,066	52,383		57,449
Insurance	16	38,996		39,012
Repairs and maintenance	898	28,461		29,359
Office expenses	16,270	10,479	1,155	27,904
Grants	24,304			24,304
Printing and publications	6,162	184	13,590	19,936
Bank charges and fees and miscellaneous	60	15,403		15,463
Interest		1,068		1,068
Conferences and seminars	310			310
Total before in-kind expenses	4,655,392	754,088	726,279	6,135,759
In-Kind Expenses:				
Media support	1,300,000			1,300,000
Diagnostic test kits	600,000			600,000
Professional services		107,967		107,967
Total Expenses	6,555,392	862,055	726,279	8,143,726
Less special event expenses			(200,892)	(200,892)
Total Expenses, Net	\$ 6,555,392	\$ 862,055	\$ 525,387	\$ 7,942,834

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

**Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 5,928,651	\$ (2,902,399)
Adjustments to reconcile change in net assets to net cash generated (used) by operating activities-		
Depreciation and amortization	67,215	105,289
Loss on disposal of property and equipment	222	1,179
Loss on contributions receivable		17,000
Changes in operating assets and liabilities:		
Grants receivable	(3,829,111)	2,878,394
Contributions receivable	15,000	20,000
Prepaid expenses	(65,375)	4,777
Other assets	2,902	1,554
Accounts payable and accrued expenses	(27,896)	63,406
Grant advances	1,500,000	
Deferred lease incentive	(4,000)	(12,000)
Grants payable	(24,304)	(1,317,293)
Net Cash Generated (Used) by Operating Activities	3,563,304	(1,140,093)
Cash Flows From Investing Activities:		
Acquisitions of property and equipment	(11,370)	(48,144)
Proceeds from disposal of property and equipment	950	550
Net Cash Used by Investing Activities	(10,420)	(47,594)
Cash Flows From Financing Activities:		
Principal payments on capital lease		(5,719)
Principal payments on notes payable	(11,966)	(17,220)
Net Cash Used by Financing Activities	(11,966)	(22,939)
Net Change in Cash and Cash Equivalents	3,540,918	(1,210,626)
Cash and cash equivalents, beginning of year	848,243	2,058,869
Cash and Cash Equivalents, End of Year	\$ 4,389,161	\$ 848,243
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 225	\$ 1,068
Cash as Reported on Statement of Financial Position:		
Cash and cash equivalents	\$ 2,889,161	\$ 848,243
Restricted cash	1,500,000	
Total Cash Reported on Statement of Financial Position	\$ 4,389,161	\$ 848,243

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

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 tools and other critical interventions to families in Africa and India.

Malaria No More Kenya was registered as a nongovernmental organization (NGO) in Kenya in November 2017. Malaria No More Kenya had no activity during the years ended December 31, 2020 or 2019. Malaria No More Fund controls and has an economic interest in Malaria No More Kenya.

HFC Guarantee LLC is a Delaware limited liability company, wholly owned by Malaria No More Fund, established on November 23, 2020. The purpose of HFC Guarantee LLC is to execute, deliver, and perform its obligations under a Guarantee Facility Agreement. Through this agreement, Malaria No More will guarantee loan financing to stabilize small and medium enterprise provider operations, procure essential medical equipment, and finance construction to protect patients from the spread of COVID-19 (Note 3).

Malaria No More Kenya and HFC collectively make up the "Controlled Entities" presented in these consolidated financial statements.

Malaria No More Fund 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 Entities (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).

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 2 - Continued

For the purposes of financial reporting, the Organization classifies net assets, revenues, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets restricted by donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time or are required to be invested in perpetuity. The Organization had no net assets with donor restrictions required to be invested in perpetuity as of December 31, 2020 or 2019.

Support and revenue are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

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 \$23,000 and \$20,000 as of December 31, 2020 and 2019, respectively.

Restricted Cash and Grant Advances - Restricted cash consists of grants received totaling \$1,500,000 to be used under a Guarantee Facility Agreement administered by HFC Guarantee LLC (Note 3). Since the funds have not been deployed in the form of loan guarantees, they are also reflected as a grant advance liability on the consolidated statements of financial position at December 31, 2020.

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 contributions and grants receivable due more than one year from year end. A present value discount was determined by management to be immaterial at December 31, 2020. There were no noncurrent receivables at December 31, 2019.

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 directly 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 on the consolidated statements of activities. The Organization determined an allowance was unnecessary as of December 31, 2020 or 2019.

Other Assets - Other assets consist of security deposits for the Organization's offices as required by lease agreements.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

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.

Revenue Recognition - Contributions and grants are recognized in the period received, including unconditional pledges when promised, at their fair value. Conditional grants and pledges are recognized as revenue in the period in which the conditions have been substantially satisfied. At December 31, 2020, conditional grants totaled \$1,500,000 and consisted of funds received to be used under a Guarantee Facility Agreement (Note 3). Conditional grants outstanding totaled \$290,719 at December 31, 2019, and the conditions included in this grant were satisfied and grant revenue was recognized during the year ended December 31, 2020.

The Organization has established a de minimis rate of 10% for overhead costs, unless a different rate has been agreed to by the donor. The resultant overhead portion of donor-restricted contributions or grants is recorded on the consolidated statements of activities as support and revenue without donor restrictions 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 released to net assets without donor restrictions 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.

Grants Expense - Grant expense is recognized in the period in which an unconditional grant is signed. 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. There were no grants payable due in more than one year from year end at December 31, 2020 or 2019.

Conditional grants are recognized as grant expense in the period in which the grantee meets the terms of the conditions contained in the grant agreement. There were no conditional grants committed and outstanding at December 31, 2020. Conditional grants committed and outstanding totaled \$160,696 at December 31, 2019, and the conditions included in these grants were satisfied and grant expense was recognized during the year ended December 31, 2020.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 2 - Continued

Functional Allocation of Expenses - The costs of providing the various program and supporting services have been presented on a functional basis in the accompanying consolidated statements of activities and consolidated statements of functional expenses. Costs that are directly related to either program services, administrative and support, or fundraising are reported according to their purpose. Salaries and benefits are based on monthly employee time allocations, and occupancy costs are based on the number of employees by function for each office location.

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 gains and losses on foreign currency translation, the disposal of property and equipment, losses on contributions receivable, and revenue recognized on Paycheck Protection Program loan forgiveness.

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.

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.

At December 31, 2020, 99% of grants receivable was from two donors, and 100% of contributions receivable was from three donors. For the year ended December 31, 2020, 76% of revenue and support was from three donors. At December 31, 2019, 87% of grants receivable was from two donors, and 100% of contributions receivable was from one donor. For the year ended December 31, 2019, 51% of revenue and support was from three donors.

For the year ended December 31, 2020, 100% of grants expense consisted of a grant awarded to one entity. For the year ended December 31, 2019, 100% of grants expense consisted of a grant awarded to one entity.

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.

Note 3 - HFC Guarantee LLC and Health Finance Coalition Program

The Health Finance Coalition (HFC) was created by a group of leading, like-minded health and philanthropic institutions, including Malaria No More Fund, to mobilize private investment to help achieve Africa's public health goals. Stichting Medical Credit Fund (MCF) is an external fund not controlled by Malaria No More Fund.

HFC Guarantee LLC was established for the purpose of executing, delivering, and performing its obligations under the Guarantee Facility Agreement (GFA), executed with MCF as the guaranteed party. The purpose of the GFA is to govern HFC Guarantee LLC's \$1,500,000 in guarantee, which in turn enables up to \$3,000,000 in loans issued by MCF over two years to private small and medium enterprise (SME) primary health care providers affected by COVID-19 in Ghana, Kenya, Nigeria, Tanzania, and Uganda. This loan financing seeks to stabilize SME provider operations, procure essential medical equipment, and finance construction to protect patients from the spread of COVID-19.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 3 - Continued

Grants totaling \$1,500,000 were provided to Malaria No More Fund by three donor foundations, one of which shares a board member with Malaria No More Fund. Together, these donor foundations are known as the “private guarantors.” As loans guaranteed under the GFA are repaid in full and the guarantees are not called, the donors have agreed that \$650,000 can be then used toward Malaria No More Fund’s operating costs associated with administering the guarantee facility and for the ongoing work of the HFC. The remaining portions of the grants will be returned to the private guarantors, unless otherwise modified by the grant agreements with the private guarantors.

Malaria No More Fund has accounted for these grants as conditional, as two of the grants require the return of a portion of grant funds to the donors, and all three grants release a portion of the funding to Malaria No More Fund at a future date tied to the use of the guarantee funds during the grant period. The grant funds must also be used to meet specific criteria and objectives established by the HFC program. Therefore, \$1,500,000 received by Malaria No More Fund is reported on the consolidated statements of financial position as restricted cash and grant advance liability as of December 31, 2020 (Note 2). Grant revenue will be recognized in the period in which the conditions applicable to the grants are substantially met, which is expected to occur during 2021 through 2023. In the event that a guarantee is called to cover a loan loss, the guarantee loss will be recognized by Malaria No More Fund along with grant revenue to cover the loss incurred. Under the terms of the grant agreements, the maximum net grant revenue that will be recognized by Malaria No More Fund is \$800,000, the first loss amounts.

No loan guarantees have been committed by Malaria No More Fund under the GFA as of December 31, 2020.

Subsequent to year end, in May and July 2021, four guarantees totaling \$863,276 were made through the HFC Guarantee LLC on loans made by MCF totaling \$1,726,552. The guarantees for each loan range from \$157,895 to \$265,807, and the terms of the loans and guarantees are from 24 to 73 months. Under the terms of the GFA, HFC Guarantee LLC will receive a one-time fee of approximately \$50,000, plus 0.15% per annum based on the guaranteed portion of the outstanding loans.

On June 10, 2021, Malaria No More Fund created Capital Stack for Health LLC, which is wholly owned by Malaria No More Fund. On June 30, 2021, Malaria No More Fund created Transform Health Finance Corporation, a C-Corp wholly owned by Capital Stack for Health LLC. While HFC Guarantee LLC participates in the SME loan guarantee described above, Capital Stack for Health LLC and Transform Health Finance Corporation were formed to participate in the Transform Health Fund. Transform Health Fund will invest in both sustainable private and public-private joint venture models to improve access to and quality of healthcare in Sub-Saharan Africa. Transform Health Fund is managed by an impact investment manager and is not controlled by the Organization.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 4 - Property, Equipment and Leasehold Improvements

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

	<u>2020</u>	<u>2019</u>
Equipment	\$ 223,634	\$ 214,067
Leasehold improvements	181,529	181,529
Furniture and fixtures	92,920	92,920
Computer software	<u>95,458</u>	<u>95,458</u>
	593,541	583,974
Less accumulated depreciation and amortization	<u>(523,266)</u>	<u>(456,682)</u>
Property, Equipment and Leasehold Improvements, Net	<u><u>\$ 70,275</u></u>	<u><u>\$ 127,292</u></u>

Note 5 - Notes Payable

Notes payable consisted of a note to the lessor of the Organization's Seattle office, and a capital lease for office equipment. The note to the lessor was dated September 1, 2015, and matured on September 30, 2020. Monthly payments of \$1,534 were due the first day of each month. The note bears interest at 5% per annum and is unsecured. Interest expense totaled \$225 and \$1,068 for the years ended December 31, 2020 and 2019, respectively. The remaining principal on the note totaled \$11,966 at December 31, 2019, was paid in full in 2020.

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.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
The \$5B Plan: Unlocking the political will, resources and innovation to end malaria	\$ 4,642,580	\$ -
Climate-data partnership	999,125	
Launch of a finance coalition to attract investments towards achieving the health sustainable development goals	71,931	153,587
Malaria advocacy in Japan	31,387	31,389
United Nations special envoys program	23,203	
Malaria and gender partnership	18,633	
Use of mobile communications to track malaria in Nigeria	12,993	12,993
Distribution of malaria tests and treatments in Africa	5,576	5,576
Nighwatch malaria health education program	5,166	
Launch of global civil society for malaria elimination	2,184	2,184
Support of Clementina Atieno's engagement as an emerging malaria champion	192	10,000
Malaria advocacy to advance the malaria eradication		218,835
Support of U.S. advocacy efforts for malaria elimination in Haiti		15,425
Tokyo climate change and Seoul global health advocacy workshop		9,298
Support of U.S. advocacy efforts for malaria elimination in Africa		1,300
Total Net Assets With Donor Restrictions	<u>\$ 5,812,970</u>	<u>\$ 460,587</u>

Net assets totaling \$4,693,063 and \$6,093,156 were released from restrictions during the years ended December 31, 2020 and 2019, respectively, by incurring expenses in satisfaction of donor restrictions.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 7 - Liquidity and Availability

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditure were as follows at December 31:

	2020	2019
Cash and cash equivalents	\$ 2,889,161	\$ 848,243
Restricted cash	1,500,000	
Grants receivable, current portion	2,525,000	171,634
Contributions receivable	10,000	25,000
Total current financial assets	6,924,161	1,044,877
Less-		
Donor restricted funding not scheduled to be used within the next year	(4,337,225)	(460,587)
Restricted cash	(1,500,000)	
Reclaimed Gates Foundation funding	(200,000)	
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 886,936	\$ 584,290

As part of the Organization's liquidity management, the Organization actively engages its Board, holds fundraising events, and cultivates prospective donors to generate financial assets and build reserves for general expenditures. Most of the revenue without donor restrictions is generated in the first half of the year giving the Organization the opportunity to evaluate and plan general expenditures for the remaining months to maintain and improve its liquidity.

The Organization forecasts revenue using a prospect-by-prospect approach pursuing definite sources to meet its targets. As a result, the Organization is primarily project funded through donor restricted support for specific programs. Although the Organization can use this donor restricted funding to conduct program activities, if the activities could not be fulfilled, the funds would need to be returned to the donors or repurposed with donor approval. However, the Organization can decrease spending to manage liquidity when a decrease in funding is anticipated.

Disruption From Pandemic - In early 2020, a novel strain of coronavirus (COVID-19) became prevalent throughout the world. The COVID-19 outbreak has caused business disruption through mandated social distancing and voluntary closings of multiple businesses and organizations worldwide. As a result, the Organization has adapted how it is conducting its programmatic work. Working remotely through virtual platforms has enabled the Organization to continue advancing its programs, while reducing certain costs. Due to the cost savings resulting from these adaptations in conducting the programmatic work, subsequent to year end, a donor elected to reduce its existing multiple-year grant commitment by \$200,000. Future payments made by the donor on the outstanding grant receivable totaling approximately \$3,500,000 at December 31, 2020 will be reduced by \$200,000, and the Organization will recognize a \$200,000 loss on the grant adjustment during the year ended December 31, 2021. This amount is included in the donor restricted funding not scheduled to be used within the next year in the Liquidity and Availability table above. Management continues to monitor events and conditions as they unfold and has established strategies to respond accordingly. However, the full financial impact to Organization's continuing operations cannot be reasonably estimated at this time.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 8 - In-Kind Contributions

The Organization receives in-kind contributions consisting of media support, professional services and supplies for use in its various programs. Media support relates to assistance in developing programmatic work in India. Professional services consist of legal services. In accordance with U.S. GAAP, in-kind contributions are recognized as revenue at fair value on the date received. The fair value of media support and professional services is based on the donors' standard rates and hours of service as provided by the donor. The fair value of supplies is based on estimated wholesale pricing.

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

	<u>2020</u>	<u>2019</u>
Media support	\$ 1,738,117	\$ 1,300,000
Professional services	280,132	107,967
Diagnostic test kits		<u>600,000</u>
Total In-Kind Contributions	<u>\$ 2,018,249</u>	<u>\$ 2,007,967</u>

Note 9 - 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. The Organization makes a nonelective safe harbor contribution of 3% of each eligible employee's eligible compensation. Contributions to the plan totaled approximately \$73,000 and \$79,000 for the years ended December 31, 2020 and 2019, respectively.

Note 10 - Commitments and Contingencies

The Organization leases facilities space under noncancelable multi-year operating leases in Seattle and Washington D.C. Both the Seattle and Washington D.C. leases were renewed during 2020, and were extended through August 2025. The Seattle lease has escalating monthly lease payments that range from \$4,359 to \$5,702. The Washington D.C. lease has escalating monthly lease payments that range from \$7,730 to \$8,746. Base rent for the facilities does not include real estate taxes and other operating expenses that may be assessed to the Organization. The Seattle lessor provided for certain leasehold improvements, which have been reflected in the consolidated financial statements as deferred lease incentive, and was fully amortized during the year ended December 31, 2020.

MALARIA NO MORE FUND AND CONTROLLED ENTITIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 10 - Continued

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

For the Year Ending December 31,

2021	\$	152,160
2022		162,086
2023		165,708
2024		169,390
2025		<u>114,943</u>
	\$	<u><u>764,287</u></u>

Rent expense totaled approximately \$109,000 and \$164,000 for the years ended December 31, 2020 and 2019, respectively.

Note 11 - Paycheck Protection Program Loan

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On May 8, 2020, the Organization obtained a loan under the PPP with a principal balance of \$541,858 and an annual interest rate of 1%. All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met. The terms and conditions include, but are not limited to, spending the PPP loan funds on qualifying expenses. The Organization's application for loan forgiveness was submitted and approved by both the lender and the Small Business Administration, and revenue for the loan forgiveness totaling \$541,858 was recognized during the year ended December 31, 2020.

Note 12 - Subsequent Events

The Organization has evaluated subsequent events through August 26, 2021, the date on which the consolidated financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any events occurred, the nature of which would require disclosure, except as follows.

On April 29, 2021, the Organization received a second PPP loan with a principal balance of \$435,702 and an annual interest rate of 1%. All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met.

In May 2021, a donor restructured its existing multiple-year grant to reduce its commitment by \$200,000 in connection to changes resulting from the COVID-19 pandemic (Note 7).

In May and July 2021, loan guarantees totaling \$863,276 were made by HFC Guarantee LLC (Note 3).

In June 2021, two new entities were created by Malaria No More Fund. Capital Stack for Health LLC is wholly owned by Malaria No More Fund. Transform Health Finance Corporation is a C-Corp wholly owned by Capital Stack for Health LLC. Both entities were formed to participate in the Transform Health Fund. Transform Health Fund is managed by an impact investment manager and is not controlled by the Organization (Note 3).