



Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Malaria No More Fund and its Subsidiaries (collectively, the Organization) which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Clark Nuber P.S.

Certified Public Accountants
October 21, 2024

MALARIA NO MORE FUND AND SUBSIDIARIES

**Consolidated Statements of Financial Position
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 4,261,330	\$ 3,755,122
Restricted cash	1,321,685	1,321,685
Grants receivable, current portion	6,508,520	3,379,450
Contributions receivable		35,000
Contracts receivable		55,105
Prepaid expenses	36,775	116,359
Total Current Assets	12,128,310	8,662,721
Grants receivable, net of current portion and discount	2,554,294	2,893,250
Property, equipment and leasehold improvements, net	47,573	46,724
Operating right-of-use assets	267,233	421,984
Other assets	48,029	24,708
Total Assets	<u>\$ 15,045,439</u>	<u>\$ 12,049,387</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 369,579	\$ 307,937
Grant advances	1,321,685	1,321,685
Short-term operating lease liability	169,390	148,657
Total Current Liabilities	1,860,654	1,778,279
Long-term operating lease liability	103,937	273,327
Total Liabilities	1,964,591	2,051,606
Net Assets:		
Net assets without donor restrictions	570,851	1,574,828
Net assets with donor restrictions	12,509,997	8,422,953
Total Net Assets	<u>13,080,848</u>	<u>9,997,781</u>
Total Liabilities and Net Assets	<u>\$ 15,045,439</u>	<u>\$ 12,049,387</u>

See accompanying notes.

MALARIA NO MORE FUND AND SUBSIDIARIES

**Consolidated Statement of Activities
For the Year Ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue:			
Contributions and grants	\$ 1,124,020	\$ 10,641,043	\$ 11,765,063
In-kind contributions	5,891		5,891
Interest income	24,732		24,732
Net assets released from restrictions	<u>6,553,999</u>	<u>(6,553,999)</u>	
Total Operating Support and Revenue	7,708,642	4,087,044	11,795,686
Operating Expenses:			
Program services	7,428,561		7,428,561
Administrative and support	1,030,370		1,030,370
Fundraising	<u>250,143</u>		<u>250,143</u>
Total Operating Expenses	8,709,074		8,709,074
Change in Net Assets From Operations	(1,000,432)	4,087,044	3,086,612
Nonoperating Activity:			
Foreign currency exchange loss	(532)		(532)
Loss on disposal of property and equipment	<u>(3,013)</u>		<u>(3,013)</u>
Change in Net Assets	(1,003,977)	4,087,044	3,083,067
Net assets, beginning of year	<u>1,574,828</u>	<u>8,422,953</u>	<u>9,997,781</u>
Net Assets, End of Year	<u>\$ 570,851</u>	<u>\$ 12,509,997</u>	<u>\$ 13,080,848</u>

See accompanying notes.

MALARIA NO MORE FUND AND SUBSIDIARIES**Consolidated Statement of Activities
For the Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue:			
Contributions and grants	\$ 1,670,798	\$ 8,556,139	\$ 10,226,937
Contract revenue	220,418		220,418
In-kind contributions		604,483	604,483
Interest income	14,213		14,213
Net assets released from restrictions	4,776,150	(4,776,150)	
Total Operating Support and Revenue	6,681,579	4,384,472	11,066,051
Operating Expenses:			
Program services	5,278,865		5,278,865
Administrative and support	889,399		889,399
Fundraising	389,981		389,981
Total Operating Expenses	6,558,245		6,558,245
Change in Net Assets From Operations	123,334	4,384,472	4,507,806
Nonoperating Activity:			
Foreign currency exchange loss	(10,185)		(10,185)
Change in Net Assets	113,149	4,384,472	4,497,621
Net assets, beginning of year	1,461,679	4,038,481	5,500,160
Net Assets, End of Year	\$ 1,574,828	\$ 8,422,953	\$ 9,997,781

See accompanying notes.

MALARIA NO MORE FUND AND SUBSIDIARIES

**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023**

	Program Services	Supporting Services		Total
		Administrative and Support	Fundraising	
Salaries and Related Costs:				
Salaries and wages	\$ 3,202,012	\$ 458,143	\$ 124,641	\$ 3,784,796
Payroll taxes and employee benefits	442,289	103,918	23,599	569,806
Total Salaries and Related Costs	3,644,301	562,061	148,240	4,354,602
Consultants	1,399,729	49,369	4,488	1,453,586
Grants	676,671			676,671
Travel	623,641	23,029		646,670
Other professional fees	138,787	170,923	68,545	378,255
Events	367,845	3,704		371,549
Printing and publications	208,324	17	5,250	213,591
Occupancy costs	158,466	26,011	18,415	202,892
Program implementation fees	136,529			136,529
Dues and subscriptions	51,548	38,845	4,456	94,849
Repairs and maintenance	2,435	46,176		48,611
Telephone	2,708	34,354		37,062
Insurance	1,996	22,522		24,518
Office expenses	6,129	13,929	749	20,807
Bank charges and fees	1,230	17,122		18,352
Depreciation and amortization	2,344	13,764		16,108
Conferences and seminars	5,878	2,629		8,507
Interest expense		24		24
Total before in-kind expenses	7,428,561	1,024,479	250,143	8,703,183
In-Kind Expenses:				
Professional services		5,891		5,891
Total Expenses	\$ 7,428,561	\$ 1,030,370	\$ 250,143	\$ 8,709,074

See accompanying notes.

MALARIA NO MORE FUND AND SUBSIDIARIES

**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022**

	Program Services	Supporting Services		Total
		Administrative and Support	Fundraising	
Salaries and Related Costs:				
Salaries and wages	\$ 2,300,083	\$ 209,013	\$ 213,598	\$ 2,722,694
Payroll taxes and employee benefits	310,670	74,160	57,118	441,948
Total Salaries and Related Costs	2,610,753	283,173	270,716	3,164,642
Consultants	884,004	111,007	3,745	998,756
Travel	476,307	14,226	1,290	491,823
Other professional fees	98,485	241,283	72,669	412,437
Program implementation fees	194,760			194,760
Occupancy costs	101,373	46,803	28,082	176,258
Events	137,510		816	138,326
Dues and subscriptions	49,660	35,651		85,311
Printing and publications	52,592		9,775	62,367
Grants	49,416			49,416
Repairs and maintenance	2,338	38,198		40,536
Telephone	2,857	34,064		36,921
Insurance	372	34,308		34,680
Office expenses	7,595	18,202	24	25,821
Bank charges and fees	2,243	18,648		20,891
Depreciation and amortization	7,113	8,332	2,864	18,309
Conferences and seminars	1,487	1,021		2,508
Total before in-kind expenses	4,678,865	884,916	389,981	5,953,762
In-Kind Expenses:				
Media support	600,000			600,000
Professional services		4,483		4,483
Total Expenses	\$ 5,278,865	\$ 889,399	\$ 389,981	\$ 6,558,245

See accompanying notes.

MALARIA NO MORE FUND AND SUBSIDIARIES

**Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 3,083,067	\$ 4,497,621
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation and amortization	16,108	18,309
Amortization of right-of-use assets	17,051	24,204
(Increase)/decrease in operating assets		
Grants receivable	(2,790,114)	(4,296,955)
Contributions receivable	35,000	195,340
Contracts receivable	55,105	(55,105)
Prepaid expenses	79,584	(39,992)
Operating lease right-of-use assets	137,700	(446,188)
Other assets	(23,321)	1
Increase/(decrease) in operating liabilities		
Accounts payable and accrued expenses	61,642	(67,762)
Grant advances		662
Operating lease liability	(148,657)	421,984
Net Cash Provided by Operating Activities	523,165	252,119
Cash Flows From Investing Activities:		
Acquisitions of property and equipment	(16,957)	(29,094)
Net Cash Used by Investing Activities	(16,957)	(29,094)
Net Change in Cash and Cash Equivalents	506,208	223,025
Cash and cash equivalents, beginning of year	5,076,807	4,853,782
Cash and Cash Equivalents, End of Year	\$ 5,583,015	\$ 5,076,807
Cash as Reported on Consolidated Statement of Financial Position:		
Cash and cash equivalents	\$ 4,261,330	\$ 3,755,122
Restricted cash	1,321,685	1,321,685
Total Cash Reported on Consolidated Statement of Financial Position	\$ 5,583,015	\$ 5,076,807

See accompanying notes.

MALARIA NO MORE FUND AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

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, resources, and innovations required to end deaths from malaria globally. 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 demonstrate high-impact interventions that benefit families at risk of malaria in Africa and the Americas.

Malaria No More Kenya was registered as a nongovernmental organization (NGO) in Kenya in November 2017.

Health Finance Coalition (HFC) Guarantee LLC is a Delaware limited liability company, wholly owned by Malaria No More Fund (the 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 Fund guarantees 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).

To further advance the objectives of HFC, Malaria No More Fund created two entities in 2021. Capital Stack for Health LLC, registered in June 2021, is a Delaware Limited Liability Corporation that is wholly owned by Malaria No More Fund. Its purpose is to mobilize public and private sector resources and political will to expand investment in high-impact healthcare enterprises that serve the populations of greatest need in Africa. Transform Health Finance Corporation, registered in June 2021, is a C-Corp that is wholly owned by Capital Stack for Health LLC. Transform Health Finance Corporation will conduct all activities related to the Transform Health Fund, an independent joint venture project. Such activities will include participating in relevant Fund committees and monitoring the activities of the Fund for alignment with MNM's impact objectives.

Malaria No More India Private Limited (MNMIPL) was incorporated in July 2021 and registered with the Government of India Ministry of Corporate Affairs as a for profit, private limited entity. Malaria No More Fund is the majority owner of MNMIPL with a minority interest held by HFC Guarantee LLC. MNMIPL's purpose is to establish a legal presence in the country that will support the organization's fundraising and life-saving work. In July 2023, Malaria No More decided to cease the operations of MNMIPL. MNMIPL had zero activities at the end of 2023. However, Indian laws and regulations require two fiscal years, ending March 2026, of no activity for MNMIPL to be declared officially closed. Malaria No More will work with local India consultants and partners to assist and ensure compliance with Indian laws and regulations.

Malaria No More Kenya and HFC Guarantee LLC, collectively make up the "Subsidiaries" 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.

MALARIA NO MORE FUND AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include the accounts of Malaria No More Fund and its Subsidiaries (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 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, 2023 or 2022.

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 \$33,561 and \$201,147 as of December 31, 2023 and 2022, respectively.

Restricted Cash and Grant Advances - Restricted cash consists of grants received to be used under a Guarantee Facility Agreement administered by HFC Guarantee LLC (Note 3). Since the funds are deployed in the form of loan guarantees, they are also reflected as a deferred revenue liability on the consolidated statements of financial position at December 31, 2023 and 2022.

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, 2023 and 2022.

MALARIA NO MORE FUND AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 2 - Continued

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, 2023 or 2022.

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

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 all conditions have been met. Conditional grants totaled \$1,321,685 at December 31, 2023, and 2022, and consisted of funds received to be used under a Guarantee Facility Agreement (Note 3).

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.

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, 2023 or 2022.

MALARIA NO MORE FUND AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 2 - Continued

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, 2023 or 2022, respectively.

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 reclaimed grants.

Income Taxes - The Internal Revenue Service has determined that the Malaria No More Fund is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). Malaria No More Fund files income tax returns with the United States and various state and foreign governments. HFC Guarantee LLC and Capital Stack for Health LLC are both limited partnerships, and have no provision for or benefit from income taxes included in these financial statements as taxable income or loss passes through to, and is reportable by, each partner or member individually. Malaria No More Kenya is a nonprofit subsidiary in Kenya, wholly owned by Malaria No More Fund, with minimal activity. Transform Health Finance Corp is a United States for-profit C-Corp subsidiary, wholly owned by Capital Stack for Health LLC, with no activity during the year.

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, 2023, 94% of grants receivable was from three donors. For the year ended December 31, 2023, 80% of revenue and support was from two donors. At December 31, 2022, 100% of grants receivable was from two donors, and 97% of contributions receivable was from one donor. For the year ended December 31, 2022, 80% of revenue and support was from three donors.

For the year ended December 31, 2023, 64% of grants expense consisted of a grant awarded to one entity. For the year ended December 31, 2022, 100% of grants expense consisted of two grants awarded to two separate entities.

MALARIA NO MORE FUND AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 2 - Continued

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.

Leases - Effective January 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)* (ASC Topic 842) using the modified retrospective approach. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Additionally, the Organization did not elect the practical expedient to use hindsight in determining the lease term (that is, when considering lessee options to extend or terminate the lease and to purchase the underlying asset) and in assessing impairment of the entity's right-of-use (ROU) assets.

The Organization determines if an arrangement contains a lease at inception. Operating leases are included in ROU assets and lease liabilities in the consolidated statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization's leases do not provide an implicit rate of return; thus, the Organization uses the risk-free discount rate, determined using a period comparable with that of the lease term from the later of the lease commencement date or implementation date. The ROU asset also includes prepaid lease payments and unamortized initial direct costs, and excludes lease incentives. The Organization has lease agreements with lease and non-lease components which are accounted for as a single lease component. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. A ROU asset and operating lease liability is not recognized for leases with an initial term of 12 months or less.

Note 3 - HFC Guarantee LLC and Health Finance Coalition Program

The Health Finance Coalition (HFC) Guarantee LLC 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 guarantees, 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 SUBSIDIARIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 3 - Continued

In 2020, 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 Guarantee LLC. 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 Guarantee LLC program. Therefore, \$1,500,000 received by Malaria No More Fund was 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 met, which is expected to occur during 2021 through 2025. 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. Under the terms of the GFA, HFC Guarantee LLC will receive a utilization fee of 1% and an administration fee of 0.15%. Both rates will be based on the guaranteed portion of the average outstanding principal balance of all covered loans during the applicable period. The fees will be calculated and invoiced semi-annually.

During the year ended December 31, 2021, seven guarantees, totaling \$1,174,841 were made through HFC Guarantee LLC on loans made by MCF totaling \$2,240,084. During the year ended December 31, 2022, an additional guarantee, totaling \$226,400 was made through HFC Guarantee LLC on a loan made by MCF totaling \$283,000. During the year ended December 31, 2023, no additional guarantees were made.

HFC Guarantee LLC loan guarantee activity consisted of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Guarantees available, beginning of year	\$ 99,421	\$ 325,159
Guarantee funds refunded		662
Loans guaranteed		(226,400)
Guaranteed loans repaid	<u>10,226</u>	
Total Guarantee Funding Available, End of Year	<u>\$ 109,647</u>	<u>\$ 99,421</u>

MALARIA NO MORE FUND AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 3 - Continued

Restricted cash and grant advances activity for HFC Guarantee LLC consisted of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Restricted cash and grant advances, beginning of year	\$ 1,321,685	\$ 1,321,023
Restricted cash transfers		<u>662</u>
Restricted Cash and Grant Advances, End of Year	<u>\$ 1,321,685</u>	<u>\$ 1,321,685</u>

Note 4 - Property, Equipment and Leasehold Improvements

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

	<u>2023</u>	<u>2022</u>
Equipment	\$ 244,667	\$ 228,518
Leasehold improvements	185,315	185,315
Furniture and fixtures	92,920	92,920
Computer software	<u>95,458</u>	<u>95,458</u>
	618,360	602,211
Less accumulated depreciation and amortization	<u>(570,787)</u>	<u>(555,487)</u>
Property, Equipment and Leasehold Improvements, Net	<u>\$ 47,573</u>	<u>\$ 46,724</u>

Note 5 - Net Assets With Donor Restrictions

Net assets totaling \$6,553,999 and \$4,776,150 were released from restrictions during the years ended December 31, 2023 and 2022, respectively, by incurring expenses in satisfaction of donor restrictions.

MALARIA NO MORE FUND AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 6 - 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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,261,330	\$ 3,755,122
Restricted cash	1,321,685	1,321,685
Grants receivable, current portion	6,508,520	3,379,450
Contributions receivable		<u>35,000</u>
Total current financial assets	12,091,535	8,491,257
Less-		
Donor restricted funding not scheduled to be used within the next year	(7,002,498)	(5,080,605)
Restricted cash	<u>(1,321,685)</u>	<u>(1,321,685)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,767,352</u>	<u>\$ 2,088,967</u>

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.

Note 7 - In-Kind Contributions

The Organization receives in-kind contributions consisting of media support and professional services 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.

MALARIA NO MORE FUND AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 7 - Continued

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

	<u>2023</u>	<u>2022</u>
Media support	\$ -	\$ 600,000
Professional services	<u>5,891</u>	<u>4,483</u>
Total In-Kind Contributions	<u>\$ 5,891</u>	<u>\$ 604,483</u>

Note 8 - 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 \$99,000 and \$73,000 for the years ended December 31, 2023 and 2022, respectively.

Note 9 - Leases

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 \$5,402 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, 2022.

The components of lease expense for the year ended December 31, was as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 167,814	\$ 166,944

MALARIA NO MORE FUND AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 9 - Continued

Supplemental cash flow information related to leases as of December 31, is as follows:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities- Operating cash flows from operating leases	\$ 166,288	\$ 162,086
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -	\$ 559,865
Weighted-average remaining lease term - operating lease	1.67 years	2.67 years
Weighted-average discount rate - operating lease	5%	5%

Future minimum payments required under leases, are as follows:

For the Year Ending December 31,	<u>Operating</u>
2024	\$ 169,390
2025	114,943
	<u>284,333</u>
Total undiscounted cash flows	284,333
Less present value discount	<u>(11,006)</u>
Total Lease Liabilities	<u>\$ 273,327</u>

Note 10 - Subsequent Events

The Organization has evaluated subsequent events through October 21, 2024, the date on which the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.