

BANDA

H E A L T H

Financial Statements
With Independent Accountants' Review Report

December 31, 2023 and 2022

BANDA HEALTH

Table of Contents

	<u>Page</u>
Independent Accountants' Review Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Banda Health
Monument, Colorado

We have reviewed the accompanying financial statements of Banda Health, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Banda Health and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
April 30, 2024

BANDA HEALTH

Statements of Financial Position

	December 31,	
	<u>2023</u>	<u>2022</u>
ASSETS:		
Cash	\$ 349,625	\$ 319,780
Total Assets	<u>\$ 349,625</u>	<u>\$ 319,780</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 2,854	\$ 1,119
Total liabilities	<u>2,854</u>	<u>1,119</u>
Net assets:		
Without donor restrictions	345,731	317,621
With donor restrictions	1,040	1,040
Total net assets	<u>346,771</u>	<u>318,661</u>
Total Liabilities and Net Assets	<u>\$ 349,625</u>	<u>\$ 319,780</u>

See accompanying notes and independent accountants' review report

BANDA HEALTH

Statements of Activities

	Year Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Gift-in-kind services	\$ 168,468	\$ -	\$ 168,468	\$ 157,572	\$ -	\$ 157,572
Contributions	162,722	-	162,722	171,093	-	171,093
Other income	5,035	-	5,035	6,953	-	6,953
Total Support and Revenue	336,225	-	336,225	335,618	-	335,618
EXPENSES:						
Program services	279,125	-	279,125	245,150	-	245,150
Supporting activities:						
General and administrative	24,584	-	24,584	23,627	-	23,627
Fund-raising	4,406	-	4,406	4,894	-	4,894
	28,990	-	28,990	28,521	-	28,521
Total Expenses	308,115	-	308,115	273,671	-	273,671
Change in Net Assets	28,110	-	28,110	61,947	-	61,947
Net Assets, Beginning of Year	317,621	1,040	318,661	255,674	1,040	256,714
Net Assets, End of Year	\$ 345,731	\$ 1,040	\$ 346,771	\$ 317,621	\$ 1,040	\$ 318,661

See accompanying notes and independent accountants' review report

BANDA HEALTH

Statements of Cash Flows

	Year Ended December 31,	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 28,110	\$ 61,947
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net change in operating assets and liabilities:		
Accounts payable	<u>1,735</u>	<u>1,119</u>
Net Cash Provided by Operating Activities	<u>29,845</u>	<u>63,066</u>
Net Change in Cash	29,845	63,066
Cash, Beginning of Year	<u>319,780</u>	<u>256,714</u>
Cash, End of Year	<u>\$ 349,625</u>	<u>\$ 319,780</u>

See accompanying notes and independent accountants' review report

BANDA HEALTH

Notes to Financial Statements

December 31, 2023 and 2022

1. NATURE OF ORGANIZATION:

Banda Health (BH) is transforming healthcare for low-resource patients by empowering clinics in very low-income communities with powerful IT solutions that improve clinical capacity and automate business and clinical processes.

Eighty-five clinics in economically vulnerable communities in East Africa and one hospital in Niger have implemented Banda Go, BH's clinic management solution. Patients' limited ability to pay means that these healthcare facilities must minimize expenses to stay in business. Banda Go helps them do this by cost-effectively streamlining their business and patient care processes. This includes transforming inventory and cash-flow control and accounting, tracking patient care in real time, reducing government reporting preparation times from days to minutes, eliminating stockouts, and improving financial sustainability. Low-margin clinics have more time, more resources, and more information available as they care for their vulnerable patient populations.

BH is operated as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), and comparable state laws. However, BH is subject to federal income tax on any unrelated business taxable income. BH is not a private foundation under Section 509(a) of the IRC. Gift-in-kind services from seconded missionaries and contributions are BH's primary sources of support and revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BH maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH

Cash consists of checking and money market accounts. The checking account balances, at times, may exceed federally insured limit. As of December 31, 2023 and 2022, amounts held in cash accounts exceeded federally insured limits by approximately \$40,000 and \$46,000, respectively.

NET ASSETS

Net assets without donor restrictions are those amounts currently available at the discretion of the board of directors for use in BH's operations.

Net assets with donor restrictions are those amounts restricted by donors for various ministry projects and programs. As of December 31, 2023 and 2022, all net assets with donor restrictions consisted of amounts restricted for board expenses.

BANDA HEALTH

Notes to Financial Statements

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. Contributions restricted by the donor for a specific purpose are recorded as income in the net assets with donor restrictions class of net assets until funds have been expended by BH for the purposes specified. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from purpose restrictions.

BH partners with SIM International and its member bodies whereby funds are raised for BH projects and SIM employees are seconded to work on those projects under the supervision and management of BH. Not for Profit Entities (Topic 958) of the Financial Accounting Standards Board (FASB) Accounting Standards Codification requires recording the value of donated services that create or enhance nonfinancial assets or require specialized skills. Accordingly, BH recorded seconded staff services that meet these requirements. During the years ended December 31, 2023 and 2022, BH received donated services from seconded staff totaling \$168,468 and \$157,572, respectively. All seconded services are recorded as for use in programs and are unrestricted.

Also during the years ended December 31, 2023 and 2022, SIM International and its member bodies received support totaling \$47,635 and \$50,755, respectively, for projects on which BH and these organizations partner. These amounts include support for software development, project management, and customer relationship management activities. SIM International and its member bodies received these donations directly from donors, and BH does not have control over them; therefore, these amounts are not included within the financial statements.

Other income consists of miscellaneous receipts and is recognized when earned.

Expenses are recognized when incurred, in accordance with the accrual basis of accounting. Grants were funds transferred to SIM International and its affiliates and, as described in Footnote 2, were used primarily for software development, project management, and customer relationship management activities.

BANDA HEALTH

Notes to Financial Statements

December 31, 2023 and 2022

3. LIQUIDITY AND FUNDS AVAILABLE:

As of December 31, 2023 and 2022, financial assets consist of cash totaling \$349,625 and \$319,780, respectively. Management did not identify any items not available for general expenditure due to contractual or donor-imposed restrictions within one year of the statements of financial position date. Thus, as of December 31, 2023 and 2022, financial assets available to meet cash needs for general expenditures within one year totaled \$349,625 and \$319,780, respectively.

Under the arrangement previously disclosed in Note 2, funds available for the projects on which SIM International and its member bodies and BH partner totaled \$18,743 and \$25,114 as of December 31, 2023 and 2022, respectively.

4. GIFT-IN-KIND SERVICES:

Gift-in-kind services consists of:

	December 31,	
	2023	2022
Programming Services	\$ 99,420	\$ 99,420
Management Services	69,048	58,152
	<u>\$ 168,468</u>	<u>\$ 157,572</u>

Donated services are valued at the annual salary rate of the individuals providing the services to BH, prorated for the time spent on BH projects.

5. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include personnel and labor, professional services, and donor development. Personnel and labor and professional services are allocated based on estimates of time and effort donated by missionaries with specialized skills. Donor development and other expenses are allocated based on the underlying purpose of the expense or on overall time spent and effort exerted on various programs. The following tables present the functional allocation of expenses for the years ended December 31, 2023 and 2022.

BANDA HEALTH

Notes to Financial Statements

December 31, 2023 and 2022

5. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

	Year Ended December 31, 2023			
	Program Services	Supporting Activities:		Total
		General & Administrative	Fund-raising	
Personnel and labor	\$ 168,468	\$ -	\$ -	\$ 168,468
Grants	100,000	-	-	100,000
Professional services	-	20,235	1,575	21,810
Software project	10,657	-	-	10,657
Office and other expenses	-	2,755	903	3,658
Insurance	-	1,594	-	1,594
Donor development	-	-	1,198	1,198
Board expenses	-	-	730	730
	\$ 279,125	\$ 24,584	\$ 4,406	\$ 308,115
	Year Ended December 31, 2022			
	Program Services	Supporting Activities:		Total
		General & Administrative	Fund-raising	
Personnel and labor	\$ 157,572	\$ -	\$ -	\$ 157,572
Grants	75,000	-	-	75,000
Professional services	-	19,752	1,500	21,252
Software project	12,199	-	-	12,199
Office and other expenses	379	768	-	1,147
Insurance	-	3,066	-	3,066
Donor development	-	-	654	654
Board expenses	-	41	2,740	2,781
	\$ 245,150	\$ 23,627	\$ 4,894	\$ 273,671

BANDA HEALTH

Notes to Financial Statements

December 31, 2023 and 2022

6. RELATED PARTY TRANSACTIONS:

BH receives donations from members of its board of directors. During the years ended December 31, 2023 and 2022, board members contributed approximately \$20,000 and \$22,000, respectively, to BH.

7. SUPPORT AND REVENUE CONCENTRATION:

During the years ended December 31, 2023 and 2022, BH received contributions from two sources totaling approximately \$92,000 and \$82,000, respectively. These gifts accounted for approximately 55% and 46% of total support and revenue less gift-in-kind services for the years ended December 31, 2023 and 2022, respectively.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 30, 2024, which is the date the financial statements were available to be issued.