



Consolidated Financial Statements  
For the Years Ended December 31, 2018 and 2017

## Table of Contents

---

	Page
<b>Independent Auditor's Report</b>	1 - 2
<b>Consolidated Financial Statements:</b>	
Consolidated Statements of Financial Position	3
Consolidated Statement of Activities - For the Year Ended December 31, 2018	4
Consolidated Statement of Activities - For the Year Ended December 31, 2017	5
Consolidated Statement of Functional Expenses - For the Year Ended December 31, 2018	6
Consolidated Statement of Functional Expenses - For the Year Ended December 31, 2017	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 16

## **Independent Auditor's Report**

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

We have audited the accompanying consolidated financial statements of Malaria No More Fund and its Controlled Entity (collectively, the Organization) which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, 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.



T: 425-454-4919  
T: 800-504-8747  
F: 425-454-4620

10900 NE 4th St  
Suite 1400  
Bellevue WA  
98004

[clarknuber.com](http://clarknuber.com)

## 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, 2018 and 2017, 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.

## Emphasis-of-Matter

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

*Clark Nuber P.S.*

Certified Public Accountants  
July 8, 2019

**MALARIA NO MORE FUND AND CONTROLLED ENTITY**

**Consolidated Statements of Financial Position  
December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 2,058,869	\$ 1,852,299
Grants receivable, current portion, net	3,067,028	5,471,575
Contributions receivable, net	45,000	164,500
Prepaid expenses and other assets	<u>71,786</u>	<u>56,904</u>
<b>Total Current Assets</b>	<b>5,242,683</b>	<b>7,545,278</b>
Grants receivable, net of current portion		2,825,000
Property, equipment and leasehold improvements, net	<u>186,166</u>	<u>283,616</u>
<b>Total Assets</b>	<b><u>\$ 5,428,849</u></b>	<b><u>\$ 10,653,894</u></b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 297,660	\$ 285,769
Notes payable, current portion	22,757	21,112
Deferred lease incentive, current portion	12,000	12,000
Grants payable, current portion	<u>1,341,597</u>	<u>2,043,726</u>
<b>Total Current Liabilities</b>	<b>1,674,014</b>	<b>2,362,607</b>
Notes payable, net of current portion	12,148	36,173
Deferred lease incentive, net of current portion	4,000	16,000
Grants payable, net of current portion		<u>1,341,597</u>
<b>Total Liabilities</b>	<b>1,690,162</b>	<b>3,756,377</b>
<b>Net Assets:</b>		
Net assets without donor restrictions	331,479	206,037
Net assets with donor restrictions	<u>3,407,208</u>	<u>6,691,480</u>
<b>Total Net Assets</b>	<b><u>3,738,687</u></b>	<b><u>6,897,517</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 5,428,849</u></b>	<b><u>\$ 10,653,894</u></b>

See accompanying notes.

**MALARIA NO MORE FUND AND CONTROLLED ENTITY**

**Consolidated Statement of Activities  
For the Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support and Revenue:</b>			
Contributions and grants	\$ 1,081,064	\$ 1,844,355	\$ 2,925,419
In-kind contributions	14,976		14,976
Fundraising events, net of special event expenses to donors of \$317,293	405,157		405,157
Interest income	8,788		8,788
Net assets released from restrictions	5,076,835	(5,076,835)	
<b>Total Operating Support and Revenue</b>	<b>6,586,820</b>	<b>(3,232,480)</b>	<b>3,354,340</b>
<b>Expenses:</b>			
Program services	5,085,070		5,085,070
Administrative and support	841,869		841,869
Fundraising	518,110		518,110
<b>Total Expenses</b>	<b>6,445,049</b>		<b>6,445,049</b>
<b>Change in Net Assets From Operations</b>	<b>141,771</b>	<b>(3,232,480)</b>	<b>(3,090,709)</b>
<b>Nonoperating Activity:</b>			
Refund of unused project funds		(51,792)	(51,792)
Foreign currency exchange loss	(11,026)		(11,026)
Loss on disposal of property and equipment	(803)		(803)
Loss on contributions receivable	(4,500)		(4,500)
<b>Change in Net Assets</b>	<b>125,442</b>	<b>(3,284,272)</b>	<b>(3,158,830)</b>
Net assets, beginning of year	206,037	6,691,480	6,897,517
<b>Net Assets, End of Year</b>	<b>\$ 331,479</b>	<b>\$ 3,407,208</b>	<b>\$ 3,738,687</b>

See accompanying notes.

**MALARIA NO MORE FUND**

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support and Revenue:</b>			
Contributions and grants	\$ 1,328,616	\$ 15,109,614	\$ 16,438,230
In-kind contributions	45,381		45,381
Fundraising events, net of special event expenses to donors of \$368,324	553,226		553,226
Interest income	4,820		4,820
Net assets released from restrictions	10,536,946	(10,536,946)	
<b>Total Operating Support and Revenue</b>	<b>12,468,989</b>	<b>4,572,668</b>	<b>17,041,657</b>
<b>Expenses:</b>			
Program services	11,117,816		11,117,816
Administrative and support	986,232		986,232
Fundraising	638,426		638,426
<b>Total Expenses</b>	<b>12,742,474</b>		<b>12,742,474</b>
<b>Change in Net Assets From Operations</b>	<b>(273,485)</b>	<b>4,572,668</b>	<b>4,299,183</b>
<b>Nonoperating Activity:</b>			
Foreign currency exchange gain	15,912		15,912
Gain on disposal of property and equipment	2,240		2,240
Loss on contributions receivable	(7,000)	(129,147)	(136,147)
<b>Change in Net Assets</b>	<b>(262,333)</b>	<b>4,443,521</b>	<b>4,181,188</b>
Net assets, beginning of year	468,370	2,247,959	2,716,329
<b>Net Assets, End of Year</b>	<b>\$ 206,037</b>	<b>\$ 6,691,480</b>	<b>\$ 6,897,517</b>

See accompanying notes.

**MALARIA NO MORE FUND AND CONTROLLED ENTITY**

**Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2018  
(With Comparative Totals for the Year Ended December 31, 2017)**

	Program Services	Supporting Services		2018 Total	2017 Total
		Administrative and Support	Fundraising		
<b>Salaries and Related Costs:</b>					
Salaries and wages	\$ 2,128,594	\$ 324,490	\$ 304,978	\$ 2,758,062	\$ 3,078,897
Payroll taxes and employee benefits	320,917	83,119	54,383	458,419	539,375
<b>Total Salaries and Related Costs</b>	<b>2,449,511</b>	<b>407,609</b>	<b>359,361</b>	<b>3,216,481</b>	<b>3,618,272</b>
Program implementation expenses	816,788			816,788	1,033,251
Consultants	611,923	35,948	59,407	707,278	827,149
Travel	405,574	31,306	53,145	490,025	537,802
Grants	450,000			450,000	5,628,905
Events	39,896	750	300,104	340,750	385,996
Other professional fees	81,624	100,982	6,001	188,607	304,064
Occupancy costs	121,570	24,127	30,856	176,553	196,294
Depreciation and amortization	56,776	50,593	1,664	109,033	83,487
Dues and subscriptions	30,060	32,540	2,182	64,782	55,798
Telephone	4,823	53,309		58,132	59,247
Insurance	533	30,042		30,575	34,692
Office expenses	12,576	9,464	6,675	28,715	27,375
Repairs and maintenance	187	27,305		27,492	26,879
Bank charges and fees and miscellaneous	55	20,802		20,857	23,765
Printing and publications	1,365	130	16,008	17,503	24,419
Interest		1,906		1,906	2,704
Bed nets and other materials	1,224			1,224	193,320
Conferences and seminars	585	80		665	1,998
Total before in-kind expenses	5,085,070	826,893	835,403	6,747,366	13,065,417
<b>In-Kind Expenses:</b>					
Professional services		14,976		14,976	37,281
Auction items					8,100
<b>Total Expenses</b>	<b>5,085,070</b>	<b>841,869</b>	<b>835,403</b>	<b>6,762,342</b>	<b>13,110,798</b>
Less special event expenses			(317,293)	(317,293)	(368,324)
<b>Total Expenses, Net</b>	<b>\$ 5,085,070</b>	<b>\$ 841,869</b>	<b>\$ 518,110</b>	<b>\$ 6,445,049</b>	<b>\$ 12,742,474</b>

See accompanying notes.



**MALARIA NO MORE FUND**

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

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

See accompanying notes.

**MALARIA NO MORE FUND AND CONTROLLED ENTITY**

**Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (3,158,830)	\$ 4,181,188
Adjustments to reconcile change in net assets to net cash generated by operating activities-		
Depreciation and amortization	109,033	83,487
Loss/(gain) on disposal of property and equipment	803	(2,240)
Loss on contributions receivable	4,500	136,147
Changes in operating assets and liabilities:		
Grants receivable	5,225,047	(7,696,740)
Contributions receivable	119,500	141,800
Prepaid expenses and other assets	(14,882)	92,134
Accounts payable and accrued expenses	11,891	(154,879)
Deferred lease incentive	(12,000)	(12,000)
Grants payable	(2,043,726)	3,310,383
<b>Net Cash Generated by Operating Activities</b>	<b>241,336</b>	<b>79,280</b>
<b>Cash Flows From Investing Activities:</b>		
Acquisitions of property and equipment	(13,030)	(78,318)
Proceeds from disposal of property and equipment	644	
<b>Net Cash Used by Investing Activities</b>	<b>(12,386)</b>	<b>(78,318)</b>
<b>Cash Flows From Financing Activities:</b>		
Principal payments on capital lease	(5,999)	(5,532)
Principal payments on notes payable	(16,381)	(15,583)
<b>Net Cash Used by Financing Activities</b>	<b>(22,380)</b>	<b>(21,115)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>206,570</b>	<b>(20,153)</b>
Cash and cash equivalents, beginning of year	1,852,299	1,872,452
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,058,869</b>	<b>\$ 1,852,299</b>
<b>Supplementary Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 1,906	\$ 2,704

See accompanying notes.

## **MALARIA NO MORE FUND AND CONTROLLED ENTITY**

### **Notes to Consolidated Financial Statements For the Years Ended December 31, 2018 and 2017**

---

#### **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.

Malaria No More Kenya (the Controlled Entity) was registered as a nongovernmental organization (NGO) in Kenya in November 2017. The Controlled Entity had no activity during the year ended December 31, 2018 or 2017. Malaria No More Fund controls and has an economic interest in the Controlled Entity.

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 Entity (collectively, the Organization). All inter-entity accounts and transactions have been eliminated in consolidation.

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

For the purposes of financial reporting, the Organization classifies 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, 2018 or 2017.

## MALARIA NO MORE FUND AND CONTROLLED ENTITY

### Notes to Consolidated Financial Statements For the Years Ended December 31, 2018 and 2017

---

#### Note 2 - Continued

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 \$84,000 and \$96,000 as of December 31, 2018 and 2017, respectively.

**Contributions and Grants Receivable** - Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization records a present value discount for all contribution and grants receivable due more than one year from year end, unless the amount is immaterial. There were no noncurrent grants receivable as of December 31, 2018. Grants receivable reflected as noncurrent on the consolidated statements of financial position as of December 31, 2017 are expected to be collected during 2019. A present value discount was not recorded, as it was deemed immaterial.

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, 2018 or 2017.

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

**Grants Payable** - Grants payable are recorded at the time the grant is awarded, unless there is a right to revoke the grant commitment or the grant is contingent on future events. Grants awarded but unpaid at year end are reported as grants payable in the accompanying consolidated statements of financial position. The Organization records a present value discount for all grants due more than one year from year end, unless the amount is immaterial. There were no noncurrent grants payable as of December 31, 2018. Grants payable reflected as noncurrent on the consolidated statements of financial position as of December 31, 2017 will be paid in 2019. A present value discount was not recorded, as it was deemed immaterial.

## MALARIA NO MORE FUND AND CONTROLLED ENTITY

### Notes to Consolidated Financial Statements For the Years Ended December 31, 2018 and 2017

---

#### Note 2 - Continued

**Revenue Recognition** - Contributions are recognized at their fair value when received or when an unconditional promise is received. Grants are recognized at their fair value when received. All contributions and grants are considered to be revenue without donor restriction use unless specifically restricted by the donor. All restricted contributions and grants are reported as increases in net assets with donor restriction. The restricted portion of the contribution or grant is released to net assets without donor restriction as the restriction is satisfied.

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

**In-Kind Contributions** - The Organization receives various types of donated goods and services. In-kind contributions are recorded at their estimated fair value at the date of the gift. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Many volunteers, including the Board of Directors, have made significant contributions of time in furtherance of the Organization's policies and programs. The value of this contributed time does not meet the criteria for recognition and therefore is not reflected in the accompanying consolidated financial statements.

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

**Functional Allocation of Expenses** - The costs of providing the various program and supporting services have been presented on a functional basis in the accompanying consolidated statements of activities and consolidated statements of functional expenses. Certain costs have been allocated among the program and supporting services based on employee time allocations and department. 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 foreign currency translation gains and losses, gains and losses on the disposal of property and equipment, losses on contributions receivable, and refund of unused project funds.

**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.

**Use of Estimates** - The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## MALARIA NO MORE FUND AND CONTROLLED ENTITY

### Notes to Consolidated Financial Statements For the Years Ended December 31, 2018 and 2017

---

#### Note 2 - Continued

**Recent Accounting Pronouncements** - During the year ended December 31, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* required for the Organization's year ended December 31, 2018. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity and availability of financial assets has also been added (Note 6).

In June 2018, The FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The amendments in the ASU will assist entities in evaluating whether transactions should be accounted for as contributions within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange transactions subject to ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2018-08 also will assist entities in determining whether a contribution is conditional. ASU 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are the resource recipient and effective for periods beginning after December 15, 2019 for entities that are the resource provider. The Organization is evaluating the impact this standard may have on its consolidated financial statements and disclosures.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under ASU 2016-02, as of the lease commencement date, lessees will be required to recognize the following for all leases, with the exception of short-term leases: i) a lease liability for the obligation to make lease payments arising from a lease, measured on a discounted basis; and ii) a right-of-use asset, representing the lessee's right to use, or control the use of, a specified asset for the lease term. The amendments in ASU 2016-02 are effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the future impact of the new standard on its consolidated financial statements and disclosures.

#### Note 3 - Property, Equipment and Leasehold Improvements

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

	2018	2017
Equipment	\$ 205,188	\$ 196,338
Leasehold improvements	181,529	181,529
Furniture and fixtures	92,920	92,920
Computer software	95,458	95,458
	575,095	566,245
Less accumulated depreciation and amortization	(388,929)	(282,629)
<b>Property, Equipment and Leasehold Improvements, Net</b>	<b>\$ 186,166</b>	<b>\$ 283,616</b>

## MALARIA NO MORE FUND AND CONTROLLED ENTITY

### Notes to Consolidated Financial Statements For the Years Ended December 31, 2018 and 2017

#### Note 4 - Notes Payable

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

The note to the lessor is dated September 1, 2015, and matures on September 30, 2020. Monthly payments of \$1,534 are due the first day of each month. The note bears interest at 5% per annum and is unsecured. Interest expense totaled \$1,906 and \$2,704 for the years ended December 31, 2018 and 2017, respectively.

Assets and liabilities under the capital lease for office equipment are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lesser of the lease term or their estimated productive lives. Amortization of the assets is included in depreciation expense.

The unamortized value of the capital lease assets was \$22,304, as of December 31, 2018 and 2017. Depreciation expense of \$4,461 and \$5,532 were recorded on the assets for the years ended December 31, 2018 and 2017, respectively.

Scheduled principal payments for notes payable are as follows:

	<u>Lessor Note</u>	<u>Capital Lease</u>	<u>Total</u>
For the Year Ending December 31,			
2019	\$ 17,219	\$ 5,538	\$ 22,757
2020	11,966	182	12,148
<b>Total</b>	<b><u>\$ 29,185</u></b>	<b><u>\$ 5,720</u></b>	<b><u>\$ 34,905</u></b>

#### Note 5 - Net Assets With Donor Restrictions

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

	<u>2018</u>	<u>2017</u>
Malaria advocacy to advance the malaria eradication	\$ 2,734,808	\$ 4,959,421
Strengthen capacity of Civil Society Organizations in West and Central Africa	255,646	
Malaria advocacy and health education programs in Kenya	160,010	357,687
Malaria health education programs in Cameroon and Chad	114,104	552,379
Launch of Global Civil Society for Malaria Elimination	53,534	
Malaria advocacy in Japan	33,002	
Support for Commonwealth Heads of Government Meeting	22,071	
Use of mobile communications to track malaria in Nigeria	13,443	16,344
Advocacy and behavioral change communications in India	8,588	68,242
Support for the Office of the United Nations Special Envoy for Malaria	6,426	707,855
Distribution of malaria tests and treatments in Africa	5,576	5,576
Advocacy to roll back malaria		23,976
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 3,407,208</u></b>	<b><u>\$ 6,691,480</u></b>

## MALARIA NO MORE FUND AND CONTROLLED ENTITY

### Notes to Consolidated Financial Statements For the Years Ended December 31, 2018 and 2017

---

#### Note 5 - Continued

Net assets totaling \$5,128,627 and \$10,536,946 were released from restrictions during the years ended December 31, 2018 and 2017, respectively, by incurring expenses in satisfaction of donor restrictions. There were no losses on restricted contributions receivable for the year ended December 31, 2018. Unused donor restricted funds totaling \$51,792 were returned to the donor during the year ended December 31, 2018 and are reported as nonoperating activity on the consolidated statements of activities. Losses on purpose restricted contributions receivable totaled \$129,147 for the year ended December 31, 2017 and were reported as a reduction of net assets with donor restrictions on the consolidated statement of activities.

#### 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>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 2,058,869	\$ 1,852,299
Grants receivable	3,067,028	5,471,575
Contributions receivable	<u>45,000</u>	<u>164,500</u>
Total financial assets	5,170,897	7,488,374
Less: donor restricted financial assets	<u>(3,407,208)</u>	<u>(6,691,480)</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u>\$ 1,763,689</u></b>	<b><u>\$ 796,894</u></b>

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 restriction 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. During the year ended December 31, 2018, the Organization made improvements in forecasting revenue. The Organization accomplished this by moving from a probability-based approach to a prospect-by-prospect approach pursuing definite sources to meet its targets. Although the Organization can use the donor restricted financial assets to conduct program activities, if the activities could not be fulfilled, the funds would need to be returned to the donors. As the Organization is primarily project-funded, the Organization can decrease spending to manage liquidity when a decrease in funding is anticipated.

#### Note 7 - In-Kind Contributions

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

	<u>2018</u>	<u>2017</u>
Professional services	\$ 14,976	\$ 37,281
Auction items		<u>8,100</u>
<b>Total In-Kind Contributions</b>	<b><u>\$ 14,976</u></b>	<b><u>\$ 45,381</u></b>



## MALARIA NO MORE FUND AND CONTROLLED ENTITY

### Notes to Consolidated Financial Statements For the Years Ended December 31, 2018 and 2017

---

#### 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 \$81,000 and \$84,000 for the years ended December 31, 2018 and 2017, respectively.

#### Note 9 - Commitments and Contingencies

The Organization leases facilities space under noncancelable multi-year operating leases in Seattle and Washington DC. 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 that will amortize over the term of the lease. The Organization entered into a one-year lease for office space in India. The lease begins January 1, 2019, and annual rental payments are included in the table below. The Organization also has a month-to-month lease in New York.

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

For the Year Ending December 31,

2019	\$ 146,556
2020	<u>34,869</u>
<b>Total</b>	<b><u>\$ 181,425</u></b>

Rent expense totaled approximately \$177,000 and \$196,000 for the years ended December 31, 2018 and 2017, respectively.

#### Note 10 - Concentrations

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

As of December 31, 2018, 91% of grants receivable was from one donor, and 91% of contributions receivable was from two donors. For the year ended December 31, 2018, 25% of revenue and support was from two donors.

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

For the years ended December 31, 2018 and 2017, 89% and 97%, respectively, of the Organization's grants expense consisted of grants awarded to an affiliate (Note 1).

**MALARIA NO MORE FUND AND CONTROLLED ENTITY**

**Notes to Consolidated Financial Statements  
For the Years Ended December 31, 2018 and 2017**

---

**Note 11 - Subsequent Events**

The Organization has evaluated subsequent events through July 8, 2019, the date on which the consolidated financial statements were available to be issued.