



Consolidated Financial Statements
For the Years Ended December 31, 2019 and 2018

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Malaria No More Fund and its Controlled Entity (collectively, the Organization) which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, and the changes in its net assets, its functional expenses and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Clark Nuber P.S.

Certified Public Accountants

June 11, 2020

MALARIA NO MORE FUND AND CONTROLLED ENTITY

**Consolidated Statements of Financial Position
December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 848,243	\$ 2,058,869
Grants receivable, net	171,634	3,067,028
Contributions receivable, net	25,000	45,000
Prepaid expenses	35,301	40,078
Total Current Assets	1,080,178	5,210,975
Other assets	30,154	31,708
Property, equipment and leasehold improvements, net	127,292	186,166
Total Assets	\$ 1,237,624	\$ 5,428,849
Liabilities		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 361,066	\$ 297,660
Notes payable, current portion	11,966	22,757
Deferred lease incentive, current portion	4,000	12,000
Grants payable	24,304	1,341,597
Total Current Liabilities	401,336	1,674,014
Notes payable, net of current portion		12,148
Deferred lease incentive, net of current portion		4,000
Total Liabilities	401,336	1,690,162
Net Assets:		
Net assets without donor restrictions	375,701	331,479
Net assets with donor restrictions	460,587	3,407,208
Total Net Assets	836,288	3,738,687
Total Liabilities and Net Assets	\$ 1,237,624	\$ 5,428,849

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

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

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

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

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

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue:			
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)	
Total Operating Support and Revenue	6,586,820	(3,232,480)	3,354,340
Expenses:			
Program services	5,085,070		5,085,070
Administrative and support	841,869		841,869
Fundraising	518,110		518,110
Total Expenses	6,445,049		6,445,049
Change in Net Assets From Operations	141,771	(3,232,480)	(3,090,709)
Nonoperating Activity:			
Refund of unused project funds		(51,792)	(51,792)
Foreign currency exchange gain	(11,026)		(11,026)
Gain on disposal of property and equipment	(803)		(803)
Loss on contributions receivable	(4,500)		(4,500)
Change in Net Assets	125,442	(3,284,272)	(3,158,830)
Net assets, beginning of year	206,037	6,691,480	6,897,517
Net Assets, End of Year	\$ 331,479	\$ 3,407,208	\$ 3,738,687

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

	Program Services	Supporting Services		2019 Total	2018 Total
		Administrative and Support	Fundraising		
Salaries and Related Costs:					
Salaries and wages	\$ 2,089,235	\$ 303,223	\$ 334,317	\$ 2,726,775	\$ 2,758,062
Payroll taxes and employee benefits	330,782	68,399	66,487	465,668	458,419
Total Salaries and Related Costs	2,420,017	371,622	400,804	3,192,443	3,216,481
Program implementation expenses	712,054			712,054	816,788
Consultants	574,377	6,506	428	581,311	707,278
Travel	490,812	8,044	39,229	538,085	490,025
Events	133,061	33	201,719	334,813	340,750
Other professional fees	82,810	111,376	32,174	226,360	188,607
Occupancy costs	106,184	24,176	33,352	163,712	176,553
Depreciation and amortization	52,831	50,359	2,099	105,289	109,033
Dues and subscriptions	30,160	34,998	1,729	66,887	64,782
Telephone	5,066	52,383		57,449	58,132
Insurance	16	38,996		39,012	30,575
Repairs and maintenance	898	28,461		29,359	27,492
Office expenses	16,270	10,479	1,155	27,904	28,715
Grants	24,304			24,304	450,000
Printing and publications	6,162	184	13,590	19,936	17,503
Bank charges and fees and miscellaneous	60	15,403		15,463	20,857
Interest		1,068		1,068	1,906
Conferences and seminars	310			310	665
Bed nets and other materials					1,224
Total before in-kind expenses	4,655,392	754,088	726,279	6,135,759	6,747,366
In-Kind Expenses:					
Professional services		107,967		107,967	14,976
Media support	1,300,000			1,300,000	
Diagnostic test kits	600,000			600,000	
Total Expenses	6,555,392	862,055	726,279	8,143,726	6,762,342
Less special event expenses			(200,892)	(200,892)	(317,293)
Total Expenses, Net	\$ 6,555,392	\$ 862,055	\$ 525,387	\$ 7,942,834	\$ 6,445,049

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

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

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

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

**Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (2,902,399)	\$ (3,158,830)
Adjustments to reconcile change in net assets to net cash generated by operating activities-		
Depreciation and amortization	105,289	109,033
Loss on disposal of property and equipment	1,179	803
Loss on contributions receivable	17,000	4,500
Changes in operating assets and liabilities:		
Grants receivable	2,878,394	5,225,047
Contributions receivable	20,000	119,500
Prepaid expenses	4,777	(19,702)
Other assets	1,554	4,820
Accounts payable and accrued expenses	63,406	11,891
Deferred lease incentive	(12,000)	(12,000)
Grants payable	(1,317,293)	(2,043,726)
Net Cash (Used) Generated by Operating Activities	(1,140,093)	241,336
Cash Flows From Investing Activities:		
Acquisitions of property and equipment	(48,144)	(13,030)
Proceeds from disposal of property and equipment	550	644
Net Cash Used by Investing Activities	(47,594)	(12,386)
Cash Flows From Financing Activities:		
Principal payments on capital lease	(5,719)	(5,999)
Principal payments on notes payable	(17,220)	(16,381)
Net Cash Used by Financing Activities	(22,939)	(22,380)
Net Change in Cash and Cash Equivalents	(1,210,626)	206,570
Cash and cash equivalents, beginning of year	2,058,869	1,852,299
Cash and Cash Equivalents, End of Year	\$ 848,243	\$ 2,058,869
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 1,068	\$ 1,906

See accompanying notes.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2019 and 2018

Note 1 - Organization and Nature of Operations

Malaria No More Fund was organized under the not-for-profit laws of the State of Delaware in 2006 to raise public awareness and mobilize public support to combat the devastating threat of malaria. Malaria No More Fund received its public charity determination from the Internal Revenue Service in 2006, commenced operations on August 1, 2007, and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Malaria No More Fund mobilizes the political will and global resources required to achieve malaria eradication. Building innovative partnerships, it drives development and management of a master strategic plan and approach for accomplishing this important goal, identifying and bringing awareness to the gaps in resources. It uses a highly targeted, proven advocacy and strategic communications model to elevate malaria on the global agenda and translate political support into funding. In addition, Malaria No More Fund engages the private and public sectors to provide life-saving tools and other critical interventions to families in Africa and India.

Malaria No More Kenya (the Controlled Entity) was registered as a nongovernmental organization (NGO) in Kenya in November 2017. The Controlled Entity had no activity during the years ended December 31, 2019 or 2018. 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, 2019 or 2018.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2019 and 2018

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 \$20,000 and \$84,000 as of December 31, 2019 and 2018, 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, 2019 or 2018; therefore, a present value discount was not recorded.

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, 2019 or 2018.

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.

Grants Expense - Grant expense is recognized in the period the grant is signed, provided the grant is not subject to future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. 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, 2019 or 2018. Conditional grants committed and outstanding totaled \$160,696 at December 31, 2019 and management expects the conditions to be satisfied and the grants paid within one year. There were no conditional grants committed at December 31, 2018.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2019 and 2018

Note 2 - Continued

Revenue Recognition - Contributions and grants are recognized at their fair value when donor-imposed conditions, if any, have been satisfied. All contributions and grants are considered to be revenue without donor restrictions unless specifically restricted by the donor. All restricted contributions and grants are reported as increases in net assets with donor restrictions. The restricted portion of the contribution or grant is released to net assets without donor restrictions 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 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.

Conditional Grants - Conditional grants totaled \$290,719 at December 31, 2019 and management expects the conditions to be satisfied within one year. There were no conditional grants at December 31, 2018.

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. 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 and the disposal of property and equipment, losses on contributions receivable, and refunds 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.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2019 and 2018

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.

Recent Accounting Pronouncements - During the year ended December 31, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. The primary effect of adoption of this ASU is that certain grants received that were previously treated as unconditional may now be treated as conditional. As a result, revenue for these grants will be recognized when conditions are met during the grant term, whereas previously revenue had been recognized when the grants were awarded. The Organization has elected to adopt the changes from this ASU for contributions received prospectively starting in 2019, and accordingly, no changes have been made to balances reported in the 2018 financial statements. The Organization will adopt the changes from this ASU for grants awarded to other organizations prospectively in 2020.

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: (1) a lease liability for the obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, representing the lessee's right to use, or control the use of, a specified asset for the lease term. In November 2019, FASB elected to postpone the implementation of the amendments in ASU 2016-02 to fiscal years beginning after December 15, 2020. 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 at December 31:

	2019	2018
Equipment	\$ 214,067	\$ 205,188
Leasehold improvements	181,529	181,529
Furniture and fixtures	92,920	92,920
Computer software	95,458	95,458
	583,974	575,095
Less accumulated depreciation and amortization	(456,682)	(388,929)
Property, Equipment and Leasehold Improvements, Net	\$ 127,292	\$ 186,166

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2019 and 2018

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 \$1,068 and \$1,906 for the years ended December 31, 2019 and 2018, respectively. The remaining principal payments on the note total \$11,966 as of December 31, 2019, and will be paid in 2020.

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

The original value of the capital lease assets was \$22,304, as of December 31, 2019 and 2018. Amortization expense of \$4,461 was recorded on the assets for the years ended December 31, 2019 and 2018, respectively, and was fully amortized as of December 31, 2019.

Note 5 - Net Assets With Donor Restrictions

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

	<u>2019</u>	<u>2018</u>
Malaria advocacy to advance the malaria eradication	\$ 218,835	\$ 2,734,808
Launch of a Finance Coalition to attract investments towards achieving the health Sustainable Development Goals	153,587	
Malaria advocacy in Japan	31,389	33,002
Support of US Advocacy efforts for malaria elimination in Haiti	15,425	
Use of mobile communications to track malaria in Nigeria	12,993	13,443
Support of Clementina Atieno's engagement as an emerging malaria champion	10,000	
Tokyo Climate Change and Seoul Global Health Advocacy Workshop	9,298	
Distribution of malaria tests and treatments in Africa	5,576	5,576
Launch of Global Civil Society for Malaria Elimination	2,184	53,534
Support of US Advocacy efforts for malaria elimination in Africa	1,300	
Strengthen capacity of Civil Society Organizations in West and Central Africa		255,646
Malaria advocacy and health education programs in Kenya		160,010
Malaria health education programs in Cameroon and Chad		114,104
Support for Commonwealth Heads of Government Meeting		22,071
Advocacy and behavioral change communications in India		8,588
Support for the Office of the United Nations Special Envoy for Malaria		6,426
Total Net Assets With Donor Restrictions	<u>\$ 460,587</u>	<u>\$ 3,407,208</u>

Net assets totaling \$6,093,156 and \$5,076,835 were released from restrictions during the years ended December 31, 2019 and 2018, respectively, by incurring expenses in satisfaction of donor restrictions. 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.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2019 and 2018

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>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 848,243	\$ 2,058,869
Grants receivable	171,634	3,067,028
Contributions receivable	<u>25,000</u>	<u>45,000</u>
Total financial assets	1,044,877	5,170,897
Less donor restricted financial assets	<u>(460,587)</u>	<u>(3,407,208)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 584,290</u>	<u>\$ 1,763,689</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. 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. The Organization's financial assets decreased during the year ended December 31, 2019, as the Organization reached the end of a three-year multimillion dollar grant. In February 2020, the Organization signed a new three-year grant with the donor for \$6,075,745. In March 2020, the Organization also signed a two-year grant with another donor for \$1,500,000. Consistent with the Organization's policy, a portion of these grants is allocated to the Organization's overhead costs and is available to meet future general expenses (Note 2). The allocations to overhead related to these grants total \$792,488 and \$195,589, respectively.

Note 7 - In-Kind Contributions

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

	<u>2019</u>	<u>2018</u>
Media support	\$ 1,300,000	\$ -
Diagnostic test kits	600,000	
Professional services	<u>107,967</u>	<u>14,976</u>
Total In-Kind Contributions	<u>\$ 2,007,967</u>	<u>\$ 14,976</u>

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2019 and 2018

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 \$79,000 and \$81,000 for the years ended December 31, 2019 and 2018, 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.

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

For the Year Ending December 31,

2020	\$	127,460
2021		94,496
2022		96,859
2023		99,280
2024		101,762
Thereafter		<u>69,324</u>
Total	\$	<u>589,181</u>

Rent expense totaled approximately \$164,000 and \$177,000 for the years ended December 31, 2019 and 2018, 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, 2019, 87% of grants receivable was from two donors, and 100% of contributions receivable was from one donor. For the year ended December 31, 2019, 51% of revenue and support was from three donors.

MALARIA NO MORE FUND AND CONTROLLED ENTITY

Notes to Consolidated Financial Statements For the Years Ended December 31, 2019 and 2018

Note 10 - Continued

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 donor.

For the year ended December 31, 2019, 100% of grants expense consisted of a grant awarded to one entity. For the year ended December 31, 2018, 89% of grants expense consisted of a grant awarded to one entity that is also an affiliate (Note 1).

Note 11 - Subsequent Events

The Organization has evaluated subsequent events through June 11, 2020, the date on which the consolidated financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any events occurred, the nature of which would require disclosure, except as follows.

In early 2020, a novel strain of coronavirus (COVID-19) became prevalent throughout the world. The COVID-19 outbreak has caused business disruption through mandated social distancing, and voluntary closings of multiple businesses. As a result, the Organization's employees have been instructed to work remotely from home as management continues to monitor events and conditions as they unfold and has established strategies to respond accordingly. However, the financial impact to the Organization cannot be reasonably estimated at this time.

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act is the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On May 8, 2020, the Organization obtained a loan under the PPP with a principal balance of \$541,858 and an annual interest rate of 1%. Principal and interest are payable in monthly installments over an 18-month amortization period beginning six months after the loan was disbursed. All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met.