

**CATHOLIC MEDICAL MISSION BOARD, INC.**



**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

**CATHOLIC MEDICAL MISSION BOARD, INC.**  
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**(Together with Independent Auditors' Report)**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Catholic Medical Mission Board, Inc.  
New York, NY

### ***Opinion***

We have audited the financial statements of Catholic Medical Mission Board, Inc. (the "Organization"), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 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 *Auditors' 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.

### ***Change in Accounting Principle***

As discussed in Note 2R to the financial statements, the Organization changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, Leases, effective October 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

### ***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 the financial statements are available to be issued.

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### ***Auditors' 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 auditors' 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 audits.
- 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 audits 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.

*Mayer Roffman McCann CPAs*

New York, NY  
March 5, 2024

**CATHOLIC MEDICAL MISSION BOARD, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C and 16A)	\$ 4,097,684	\$ 9,019,740
Investments (Notes 2D and 4)	27,797,718	25,632,518
Inventory (Notes 2E and 2F)	46,224,450	141,409,505
Accrued interest and other receivables (Note 2H)	376,391	334,135
Contributions and pledges receivable (Notes 2H and 5)	1,856,925	1,791,640
Government grants receivable, net (Note 2H)	1,129,030	843,791
Prepaid expenses and other assets (Note 13)	257,600	215,554
Beneficial interest in charitable lead annuity trust (Note 6)	2,444,868	2,932,132
Gift annuity investments (Notes 2D, 2M, 4 and 9)	4,084,437	3,782,786
Operating lease asset (Notes 2R and 14)	81,126	-
Property and equipment, net (Notes 2G and 7)	44,532	82,886
<b>TOTAL ASSETS</b>	<b>\$ 88,394,761</b>	<b>\$ 186,044,687</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 2,724,663	\$ 4,740,798
Deferred revenue (Note 2I)	1,953,261	1,724,451
Deferred rent (Note 2J)	-	35,641
Refundable advances (Note 8)	112,060	105,219
Gift annuity payable (Notes 2M and 9)	1,541,860	1,785,940
Operating lease liability (Notes 2R and 14)	81,126	-
<b>TOTAL LIABILITIES</b>	<b>6,412,970</b>	<b>8,392,049</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Notes 2K and 15)		
<b>NET ASSETS</b> (Note 2B)		
Without donor restrictions (Note 12)	74,542,417	169,212,919
With donor restrictions (Note 11)	7,439,374	8,439,719
<b>TOTAL NET ASSETS</b>	<b>81,981,791</b>	<b>177,652,638</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 88,394,761</b>	<b>\$ 186,044,687</b>

The accompanying notes are an integral part of these financial statements.

**CATHOLIC MEDICAL MISSION BOARD, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	For the Year Ended September 30, 2023			For the Year Ended September 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>						
<b>Support and Revenue</b>						
Donated pharmaceuticals, equipment and supplies (Notes 2F and 16B)	\$ 327,399,953	\$ -	\$ 327,399,953	\$ 435,500,434	\$ -	\$ 435,500,434
Donated services (Note 2F)	1,539,431	-	1,539,431	1,420,287	-	1,420,287
Grants and contributions (Note 2K)	26,846,796	7,784,220	34,631,016	31,144,296	10,629,047	41,773,343
Bequests (Note 2N)	1,865,423	-	1,865,423	1,403,536	-	1,403,536
Dividends and interest (Notes 2D, 4 and 9)	92,416	-	92,416	21,390	-	21,390
Net assets released from restrictions (Note 11)	8,784,565	(8,784,565)	-	9,936,650	(9,936,650)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>366,528,584</b>	<b>(1,000,345)</b>	<b>365,528,239</b>	<b>479,426,593</b>	<b>692,397</b>	<b>480,118,990</b>
<b>EXPENSES (Note 2O):</b>						
<b>Program Services (Note 1):</b>						
Global programs	25,460,410	-	25,460,410	28,952,541	-	28,952,541
Volunteers (Note 2F)	1,998,987	-	1,998,987	1,781,910	-	1,781,910
Medical donations program (Note 2F)	424,567,251	-	424,567,251	388,692,181	-	388,692,181
Total Program Services	452,026,648	-	452,026,648	419,426,632	-	419,426,632
<b>Supporting Services:</b>						
Fundraising	6,955,831	-	6,955,831	7,114,327	-	7,114,327
Administration	5,490,984	-	5,490,984	4,561,174	-	4,561,174
Total Supporting Services	12,446,815	-	12,446,815	11,675,501	-	11,675,501
<b>TOTAL EXPENSES</b>	<b>464,473,463</b>	<b>-</b>	<b>464,473,463</b>	<b>431,102,133</b>	<b>-</b>	<b>431,102,133</b>
<b>Change in Net Assets from Operations</b>	<b>(97,944,879)</b>	<b>(1,000,345)</b>	<b>(98,945,224)</b>	<b>48,324,460</b>	<b>692,397</b>	<b>49,016,857</b>
<b>NONOPERATING ACTIVITIES</b>						
Unrealized (loss) gain on investments and gift annuity investments (Notes 2D, 4 and 9)	2,795,864	-	2,795,864	(5,633,723)	-	(5,633,723)
Realized gain on sales of investments and gift annuity investments (Notes 2D, 4 and 9)	109,661	-	109,661	434,292	-	434,292
Change in valuation of gift annuity payable (Note 9)	236,267	-	236,267	(17,590)	-	(17,590)
Foreign currency (loss) gain	132,585	-	132,585	(180,753)	-	(180,753)
<b>TOTAL NONOPERATING ACTIVITIES</b>	<b>3,274,377</b>	<b>-</b>	<b>3,274,377</b>	<b>(5,397,774)</b>	<b>-</b>	<b>(5,397,774)</b>
<b>CHANGE IN TOTAL NET ASSETS (Note 17)</b>	<b>(94,670,502)</b>	<b>(1,000,345)</b>	<b>(95,670,847)</b>	<b>42,926,686</b>	<b>692,397</b>	<b>43,619,083</b>
Net assets - beginning of year	169,212,919	8,439,719	177,652,638	126,286,233	7,747,322	134,033,555
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 74,542,417</b>	<b>\$ 7,439,374</b>	<b>\$ 81,981,791</b>	<b>\$ 169,212,919</b>	<b>\$ 8,439,719</b>	<b>\$ 177,652,638</b>

The accompanying notes are an integral part of these financial statements.

**CATHOLIC MEDICAL MISSION BOARD, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**(With Comparative Totals for 2022)**

	Year Ended September 30, 2023								
	Global		Medical	Total Program			Total		
	Programs	Volunteers	Donations Program	Services	Fundraising	Administration	Supporting Services	Total 2023	Total 2022
Salaries	\$ 7,200,136	\$ 174,070	\$ 775,070	\$ 8,149,276	\$ 1,121,082	\$ 2,528,461	\$ 3,649,543	\$ 11,798,819	\$ 11,534,640
Payroll taxes and fringe benefits (Note 10)	1,147,689	66,347	202,500	1,416,536	348,958	701,942	1,050,900	2,467,436	3,080,440
<b>Total Salaries and Related Costs</b>	<b>8,347,825</b>	<b>240,417</b>	<b>977,570</b>	<b>9,565,812</b>	<b>1,470,040</b>	<b>3,230,403</b>	<b>4,700,443</b>	<b>14,266,255</b>	<b>14,615,080</b>
Temporary help	152,451	-	14,731	167,182	-	-	-	167,182	291,214
Volunteer stipends	2,000	22,545	-	24,545	-	-	-	24,545	-
Postage and mailing	3,454	44	18	3,516	1,695,848	5,138	1,700,986	1,704,502	1,757,162
Rent and utilities (Note 14)	622,114	15,229	85,142	722,485	48,880	60,586	109,466	831,951	1,102,225
Telephone and communications	252,188	1,479	23,744	277,411	5,884	32,546	38,430	315,841	405,413
Supplies	2,912,551	14,806	26,328	2,953,685	-	31,059	31,059	2,984,744	5,187,289
Computer software and hardware	17,062	4,443	106,583	128,088	169,626	386,182	555,808	683,896	-
Insurance	134,687	23,696	93,057	251,440	98,405	237,134	335,539	586,979	573,620
Maintenance	1,357,910	35,727	69,304	1,462,941	-	13,460	13,460	1,476,401	1,039,349
Professional services	404,720	-	64,190	468,910	1,790,092	930,321	2,720,413	3,189,323	2,664,176
Bank charges	51,704	70	60	51,834	106,782	103,235	210,017	261,851	314,688
Bad debt	-	-	-	-	-	218,556	218,556	218,556	-
Conventions, meetings and workshops	1,691,256	8,247	1,910	1,701,413	2,386	27,948	30,334	1,731,747	2,535,032
Travel	739,616	87,788	15,523	842,927	11,439	82,787	94,226	937,153	981,537
Fees and membership	12,068	96	20,000	32,164	764	30,627	31,391	63,555	118,780
Advertising and publicity	1,921	-	-	1,921	359,124	2,090	361,214	363,135	504,333
Printing	71,481	376	-	71,857	1,158,707	44,583	1,203,290	1,275,147	1,795,613
Shipping, freight and storage	7,851	-	377,290	385,141	-	2,507	2,507	387,648	438,551
Staff training	19,525	1,793	21,750	43,068	-	47,902	47,902	90,970	18,086
Service contracts	279,969	-	17,983	297,952	-	3,920	3,920	301,872	1,224,030
Grant subsidies	1,686,760	-	-	1,686,760	-	-	-	1,686,760	-
Miscellaneous	16	2,800	19,560	22,376	3,000	-	3,000	25,376	12,356
<b>Total Before Other Expenses</b>	<b>18,769,129</b>	<b>459,556</b>	<b>1,934,743</b>	<b>21,163,428</b>	<b>6,920,977</b>	<b>5,490,984</b>	<b>12,411,961</b>	<b>33,575,389</b>	<b>35,578,534</b>
Other Expenses:									
Medical assistance to missions (Note 2F)	6,691,281	-	414,367,965	421,059,246	-	-	-	421,059,246	380,940,335
Donated services (Note 2F)	-	1,539,431	-	1,539,431	-	-	-	1,539,431	1,420,287
Inventory obsolescence (Note 2E)	-	-	8,261,043	8,261,043	-	-	-	8,261,043	13,067,253
Depreciation (Notes 2G and 7)	-	-	3,500	3,500	34,854	-	34,854	38,354	95,724
<b>Total Other Expenses</b>	<b>6,691,281</b>	<b>1,539,431</b>	<b>422,632,508</b>	<b>430,863,220</b>	<b>34,854</b>	<b>-</b>	<b>34,854</b>	<b>430,898,074</b>	<b>395,523,599</b>
<b>Total Operating Expenses</b>	<b>\$ 25,460,410</b>	<b>\$ 1,998,987</b>	<b>\$ 424,567,251</b>	<b>\$ 452,026,648</b>	<b>\$ 6,955,831</b>	<b>\$ 5,490,984</b>	<b>\$ 12,446,815</b>	<b>\$ 464,473,463</b>	<b>\$ 431,102,133</b>

The accompanying notes are an integral part of these financial statements.

**CATHOLIC MEDICAL MISSION BOARD, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Global Programs</u>	<u>Volunteers</u>	<u>Medical Donations Program</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total Supporting Services</u>	<u>Total 2022</u>
Salaries	\$ 7,462,673	\$ 166,207	\$ 770,739	\$ 8,399,619	\$ 961,091	\$ 2,173,930	\$ 3,135,021	\$ 11,534,640
Payroll taxes and fringe benefits (Note 10)	1,821,197	47,359	232,779	2,101,335	326,566	652,539	979,105	3,080,440
<b>Total Salaries and Related Costs</b>	<u>9,283,870</u>	<u>213,566</u>	<u>1,003,518</u>	<u>10,500,954</u>	<u>1,287,657</u>	<u>2,826,469</u>	<u>4,114,126</u>	<u>14,615,080</u>
Temporary help	168,729	-	32,418	201,147	44,117	45,950	90,067	291,214
Postage and mailing	912	189	365	1,466	1,753,673	2,023	1,755,696	1,757,162
Rent and utilities (Note 14)	707,451	24,052	138,165	869,668	107,498	125,059	232,557	1,102,225
Telephone and communications	338,099	2,775	23,695	364,569	12,933	27,911	40,844	405,413
Supplies	4,986,575	17,602	70,904	5,075,081	7,479	104,729	112,208	5,187,289
Insurance	152,395	23,044	91,377	266,816	90,887	215,917	306,804	573,620
Maintenance	1,000,783	-	19,952	1,020,735	-	18,614	18,614	1,039,349
Professional services	321,873	15,682	74,174	411,729	1,764,580	487,867	2,252,447	2,664,176
Bank charges	72,240	10	80	72,330	134,744	107,614	242,358	314,688
Conventions, meetings and workshops	2,501,248	1,477	902	2,503,627	11,178	20,227	31,405	2,535,032
Travel	880,686	54,060	6,330	941,076	4,880	35,581	40,461	981,537
Fees and membership	42,221	1,021	18,660	61,902	2,244	54,634	56,878	118,780
Advertising and publicity	125,905	-	-	125,905	305,696	72,732	378,428	504,333
Printing	258,171	-	-	258,171	1,500,277	37,165	1,537,442	1,795,613
Shipping, freight and storage	164,707	-	257,959	422,666	15,885	-	15,885	438,551
Staff training	6,343	2,188	399	8,930	-	9,156	9,156	18,086
Service contracts	760,196	3,830	115,938	879,964	8,355	335,711	344,066	1,224,030
Miscellaneous	3,994	2,127	2,000	8,121	500	3,735	4,235	12,356
<b>Total Before Other Expenses</b>	<u>21,776,398</u>	<u>361,623</u>	<u>1,856,836</u>	<u>23,994,857</u>	<u>7,052,583</u>	<u>4,531,094</u>	<u>11,583,677</u>	<u>35,578,534</u>
Other Expenses:								
Medical assistance to missions (Note 2F)	7,176,018	-	373,764,317	380,940,335	-	-	-	380,940,335
Donated services (Note 2F)	-	1,420,287	-	1,420,287	-	-	-	1,420,287
Inventory obsolescence (Note 2E)	125	-	13,067,128	13,067,253	-	-	-	13,067,253
Depreciation (Notes 2G and 7)	-	-	3,900	3,900	61,744	30,080	91,824	95,724
<b>Total Other Expenses</b>	<u>7,176,143</u>	<u>1,420,287</u>	<u>386,835,345</u>	<u>395,431,775</u>	<u>61,744</u>	<u>30,080</u>	<u>91,824</u>	<u>395,523,599</u>
<b>Total Operating Expenses</b>	<u>\$ 28,952,541</u>	<u>\$ 1,781,910</u>	<u>\$ 388,692,181</u>	<u>\$ 419,426,632</u>	<u>\$ 7,114,327</u>	<u>\$ 4,561,174</u>	<u>\$ 11,675,501</u>	<u>\$ 431,102,133</u>

The accompanying notes are an integral part of these financial statements.



**CATHOLIC MEDICAL MISSION BOARD, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (95,670,847)	\$ 43,619,083
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	38,354	95,724
Increase in inventory (net of inventory obsolescence)	95,185,055	(48,668,989)
Realized gain on sale of investments and gift annuity investments	(109,661)	(434,292)
Unrealized loss (gain) on investments and gift annuity investments	(2,863,461)	5,544,252
Decrease in discount of charitable lead annuity trust	(60,261)	(62,251)
Change in valuation of gift annuity payable	(236,267)	17,590
Bad debt	218,556	-
Deferred rent	(35,641)	(90,940)
	(3,534,173)	20,177
Subtotal	(3,534,173)	20,177
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest and other receivables	(42,256)	19,473
(Increase) in contributions and pledges receivable	(65,285)	(805,399)
(Increase) in government grants receivable	(503,795)	(150,677)
(Increase) decrease in prepaid expenses and other assets	(42,046)	56,738
Decrease in beneficial interest in charitable lead annuity trust	547,525	547,525
Increase (decrease) increase in accounts payable and accrued expenses	(2,016,135)	2,253,816
Increase in refundable advances	6,841	35,819
Increase in deferred revenue	228,810	949,855
	228,810	949,855
<b>Net cash (used in) provided by operating activities</b>	<b>(5,420,514)</b>	<b>2,927,327</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of marketable securities and gift annuity investments	2,452,931	2,575,090
Purchases of marketable securities and gift annuity investments	(1,946,660)	(2,487,645)
<b>Net cash provided by investing activities</b>	<b>506,271</b>	<b>87,445</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of gift annuity obligations	(7,813)	(26,177)
<b>Net cash used in financing activities</b>	<b>(7,813)</b>	<b>(26,177)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,922,056)</b>	<b>2,988,595</b>
Cash and cash equivalents at beginning of year	9,019,740	6,031,145
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 4,097,684</b>	<b>\$ 9,019,740</b>

The accompanying notes are an integral part of these financial statements.

**CATHOLIC MEDICAL MISSION BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 – ORGANIZATION**

The Catholic Medical Mission Board, Inc. (the “Organization” or “CMMB”) was incorporated in New York in 1928 as a nonprofit corporation. CMMB delivers quality healthcare services and medicines to people in need throughout the world. The Organization builds sustainable healthcare programs that target leading causes of illness, suffering and death. The Organization strives to strengthen local capabilities through its programs. The healthcare programs provided include integrated management of childhood illness, primary healthcare and HIV and AIDS prevention, treatment of HIV-infected individuals, voluntary counseling and testing, improving access to medical services, training nurses and doctors in prevention, care and counseling.

The Organization ships medicines and supplies to local care providers in resource-poor countries. These medicines are dispensed and distributed free of charge. CMMB places doctors, nurses and other volunteers in locations where their professional expertise is urgently needed. The Organization also provides disaster relief to regions hit by natural or political catastrophes.

The Organization operates throughout the world and maintains offices in New York, Haiti, Kenya, Peru, and South Sudan.

The Organization conducts its operations in Peru through CMMB-Peru, a separate legal entity fully controlled by the Organization. CMMB-Peru was created to meet the local legal requirements to operate in Peru. The Organization funds the operations of CMMB-Peru, as such revenues and expenses of CMMB-Peru is included in the accompanying financial statements.

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. *Basis of accounting*** – The Organization prepares its financial statements on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. *Basis of presentation*** – The Organization classifies its support depending upon the absence or existence of donor-imposed restrictions or stipulations:
- Without donor restrictions – This is support which can be used for any legal purpose, over which the Board of Directors has discretionary control.
  - With donor restrictions – This represents net assets subject to donor-imposed restriction that specifies the use of the support and is satisfied either through the passage of time or by the Organization’s actions and permits the Organization to use or expend part of the support. When a donor-imposed restriction expires (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished), 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 restrictions.
- C. *Cash and cash equivalents*** – For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments acquired with original maturities of three months or less to be cash equivalents.
- D. *Investments*** – Investments in marketable securities and gift annuity investments are stated at fair market value as discussed further at Note 2M. Unrealized and realized gains and losses and investment income are reported in the statements of activities as increases or decreases in net assets without donor restrictions.

**CATHOLIC MEDICAL MISSION BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. *Inventory*** – Purchased inventory is stated at the lower of cost or net realizable value, and donated inventory is generally stated at wholesale acquisition cost, which approximates fair value, as discussed further in Note 2F.

**F. *Donated pharmaceuticals, equipment, supplies and services*** – In accordance with U.S. GAAP, industry standards and guidelines established by Partnership for Quality Medical Donations, (“PQMD”) donated pharmaceuticals, equipment, supplies and services are recognized in the financial statements on the date received at their estimated fair market value. The Organization’s management estimates the fair value of donated pharmaceuticals on the basis of the wholesale acquisition costs listed in professional reference materials primarily, Thomson Reuters “Red Book,” which is an industry recognized drug and pricing reference guide for the pharmaceutical industry in the United States. The wholesale acquisition cost is the approximate selling value of the pharmaceuticals in their principal exit market considering the condition and utility for use at the time the pharmaceuticals are donated. The fair values of donated equipment and supplies are estimated on the basis of prices listed in online reference materials and provided by manufacturers. CMMB’s policy is to distribute the donated pharmaceuticals, equipment and supplies as soon as they are available for use or distribution. However, if the donated pharmaceuticals, equipment and supplies are not distributed, they are reflected as inventory and not expensed until released from CMMB’s inventory. For the years ended September 30, 2023 and 2022, the Organization received donated pharmaceuticals, equipment and supplies of approximately \$327,000,000 and \$436,000,000, respectively. For the years ended September 30, 2023 and 2022, the Organization had obsolescence of inventory of approximately \$8,300,000 and \$13,100,000, respectively, due to the expiration of products prior to distribution.

The Organization also received donated services provided by licensed professionals as follows:

	<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Days</u>	<u>Days</u>
Licensed professionals	2,947	2,665

Donated services are recognized only if such services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The total estimated fair market value of the licensed professionals donated services, determined using the rates published by the United States Bureau of Labor Statistics from the most recent year, for the years ended September 30, 2023 and 2022, was approximately \$1,540,000 and \$1,420,000, respectively, which was recorded in the accompanying statements of activities, as these services meet the aforementioned criteria.

Donated pharmaceuticals, equipment, supplies and services consisted of the following for the year ended September 30, 2023:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Pharmaceuticals, equipment and supplies	\$327,399,953	Program	No associated donor restriction	Based on fair value as listed in professional reference materials
Donated services	<u>1,539,431</u>	Program	No associated donor restriction	Based on rates published by the United States Bureau of Labor Statistics
Total	<u>\$328,939,384</u>			

**CATHOLIC MEDICAL MISSION BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Donated pharmaceuticals, equipment, supplies and services consisted of the following for the year ended September 30, 2022:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Pharmaceuticals, equipment and supplies	\$ 435,500,434	Program	No associated donor restriction	Based on fair value as listed in professional reference materials
Donated services	<u>1,420,287</u>	Program	No associated donor restriction	Based on rates published by the United States Bureau of Labor Statistics
Total	<u>\$ 436,920,721</u>			

- G. *Property and equipment*** – Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from five to fifty years. The Organization capitalizes property and equipment with a cost of \$5,000 or more and a useful life greater than one year. Certain purchases of equipment are expensed by the Organization rather than capitalized because the cost of these items was reimbursed by governmental funding sources where the contractual agreement specifies that title to these assets rests with the governmental funding source rather than the Organization.
- H. *Allowance for uncollectible accounts*** – The Organization evaluates the need for an allowance for uncollectible accounts based on a combination of factors such as management’s assessment of the creditworthiness of its donors and funders, a review of individual accounts outstanding, aged basis of the receivables, current economic conditions and historical experience. An allowance of \$87,231 for uncollectible accounts was considered necessary for both September 30, 2023 and 2022.
- I. *Deferred revenue*** – Deferred revenue represents funding received in advance of program services being provided by the Organization.
- J. *Deferred rent*** – The Organization leases real property under an operating lease. Since the rent payments increase over time, the Organization records an adjustment to rent expense to reflect its straight-lining policy. Straight-lining of rent gives rise to a timing difference that is reflected in the accompanying statements of financial position. As of September 30, 2023 and 2022, such deferral amounted to \$0 and \$35,641, respectively.
- K. *Government grants*** – Government grants are recognized as revenue when the expenses authorized under the contracts are incurred. Pursuant to the Organization’s contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of the Organization involving transactions relating to these contracts. Government grants are accounted for under Accounting Standards Update (“ASU”) 2018-08. Multi-year governmental contracts included under government grants are renewable by the Organization annually at the discretion of the funder and as such, no future funding under the government grants for the years ending September 30, 2023 and 2022 have been disclosed.
- L. *Use of estimates*** – In preparing the financial statements in conformity with U.S. GAAP, the Organization makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

**CATHOLIC MEDICAL MISSION BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- M. *Gift annuity program*** – The Organization has a gift annuity program whereby it receives contributions from participating donors. Under the arrangement, the Organization agrees to pay certain sums to the donors at prescribed intervals over the lives of the donors or other beneficiaries. The assets received are recorded at their fair value and the related liability is recorded as an annuity obligation at the present value of the estimated future payments to be distributed by the Organization, based on expected mortality and a discount rate. The amount of contribution to the Organization is the difference between the asset and the computed liability.
- N. *Bequests*** – The Organization recognizes bequests at the time unassailable rights to the gifts have been established and the proceeds are measurable.
- O. *Functional allocation of expenses*** – The cost of providing the various program and supporting services has been summarized on a functional basis in the statements of functional expenses. Accordingly, expenses that are not directly charged to a specific program, grant, or supporting service are allocated among programs and supporting services. The expenses that are allocated include occupancy, telephone, insurance, payroll taxes, and benefits, which are allocated on the basis of headcount.
- P. *Fair value measurements of financial instruments*** – Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.
- Q. *Investment spending policy*** – The Organization’s Board has authorized a policy to invest in accordance with sound investment practices that emphasize long-term investment fundamentals. The objective of this is to maximize long-term returns consistent with prudent levels of risk. Investment returns earned are expected to provide adequate funds to sufficiently support designated needs and preserve or enhance the real value of the investments. In establishing the investment objectives, the Organization has taken into account the time horizon available for the investment, the nature of the investment, and other factors that affect the Organization’s risk tolerance. Accordingly, the investment objective is a balanced approach that emphasizes a stable, moderate level of appreciation over the long-term, net of investment costs and spending. Investments are expected to meet or exceed the return of the policy benchmark over a market cycle, expected to be a three to five-year time period.
- R. *Recent accounting pronouncements*** – In 2023, the Organization adopted ASU No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2022). The Organization also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use (“ROU”) assets and lease liabilities totaling \$81,126 in the statement of financial position as of September 30, 2023. The adoption did not result in a significant effect of amounts reported in the statement of activities for the year ended September 30, 2023.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable and a board designated fund.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

**CATHOLIC MEDICAL MISSION BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 3 – LIQUIDITY AND AVAILABILITY (CONTINUED)**

The following table shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one year of the statements of financial position date to meet general expenditures as of September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,097,684	\$ 9,019,740
Accrued interest and other receivables	376,391	334,135
Contributions and pledges receivable due within one year	1,856,925	1,791,640
Beneficial interest in charitable lead annuity trust due within one year	547,525	547,525
Government grants receivable, net	1,129,030	843,791
Investments, net of board designated funds	4,867,810	5,016,427
Net assets with donor restrictions	<u>(7,439,374)</u>	<u>(8,439,719)</u>
	<u>\$ 5,435,991</u>	<u>\$ 9,113,539</u>

The Organization also has Board designated funds of approximately \$22.9 and \$20.6 million as of September 30, 2023 and 2022, respectively. The Board has the ability to release these funds upon its discretion as needed.

**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described below:

Level 1: Valuations based on quoted price (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data exists. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Financial assets carried at fair value at September 30, 2023 are classified in the table as follows:

Alternative investments valued at Net Asset

Value per share practical expedient \$ 27,797,718

Gift annuity investments:	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds			
Large Cap Equities	\$ 1,307,904	\$ -	\$ 1,307,904
International Equities	808,935	-	808,935
Diversified	234,364	-	234,364
Fixed Income	1,364,605	-	1,364,605
REIT	64,262	-	64,262
Fixed income			
U.S. Corporate Bonds	<u>-</u>	<u>304,367</u>	<u>304,367</u>
Total gift annuity investments	<u>\$ 3,780,070</u>	<u>\$ 304,367</u>	<u>\$ 4,084,437</u>

**CATHOLIC MEDICAL MISSION BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Financial assets carried at fair value at September 30, 2022 are classified in the table as follows:

Alternative investments valued at Net Asset Value per share practical expedient	<u>\$ 25,632,518</u>		
Gift annuity investments:	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds			
Large Cap Equities	\$ 995,637	\$ -	\$ 995,637
International Equities	804,305	-	804,305
Diversified	138,163	-	138,163
Fixed Income	1,505,857	-	1,505,857
REIT	99,209	-	99,209
Fixed income			
U.S. Corporate Bonds	<u>-</u>	<u>239,615</u>	<u>239,615</u>
Total gift annuity investments	<u>\$ 3,543,171</u>	<u>\$ 239,615</u>	<u>\$ 3,782,786</u>

Investments in mutual funds are valued using real-time quotes or market prices for similar funds in active markets (Levels 1). Corporate bonds are designated as Level 2 instruments and valuations are obtained from readily available pricing sources for comparable instruments (credit risk/grade, maturities, etc.). The Organization holds alternative investments valued at net asset value per share with Ascension Investments as of September 30, 2023 and 2022. There are no redemption restrictions or unfunded commitments on the investments.

Investments are subject to market volatility that could substantially change their carrying value in the near term. The investment return and its classification in the statements of activities for the years ended September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 68,171	\$ 2,608
Realized (loss) gain on sale of investments	(2,877)	(4,163)
Unrealized (loss) gain on investments	2,515,200	(4,295,627)
Less: Investment fees	<u>(30,174)</u>	<u>(50,000)</u>
Total	<u>\$ 2,550,320</u>	<u>\$ (4,347,182)</u>

For the years ended September 30, 2023 and 2022, investment fees amounted to \$30,174 and \$50,000, respectively.

**Fair Value of Investments in Entities that Use NAV**

The following table summarizes investments for which fair value is measured using the Net Asset Value per share practical expedient as of September 30:

Fair Value at September 30, 2023	Fair Value at September 30, 2022	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
<u>\$ 27,797,718</u>	<u>\$ 25,632,518</u>	None	Monthly & Quarterly	30-180 days

The objective of the fund is to allow each of its members to achieve attractive risk-adjusted returns while attempting to preserve capital in adverse market conditions through the implementation of diversified investment strategies.

**CATHOLIC MEDICAL MISSION BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 5 – CONTRIBUTIONS AND PLEDGES RECEIVABLE**

At September 30, 2023 and 2022, contributions and pledges receivable consist of the following:

	2023	2022
Various individual pledges	\$ 896,563	\$ 498,058
Contributions	<u>960,362</u>	<u>1,293,582</u>
Total	<u>\$ 1,856,925</u>	<u>\$ 1,791,640</u>

All contributions and pledges receivable as of September 30, 2023 are expected to be collected during the year ending September 30, 2024.

**NOTE 6 – BENEFICIAL INTEREST IN CHARITABLE LEAD ANNUITY TRUST**

During the year ended September 30, 2019, the Organization was named a beneficiary in a charitable lead annuity trust totaling approximately \$5,500,000, to be paid over ten years. The Organization determined the discount factor of 2.7%, which represents a risk adjusted market rate on U.S. Treasury securities. The amounts expected to be collected are restricted due to time only and can be used for general operations. and are due as follows as of September 30:

	2023	2022
Amount due in less than one year	\$ 547,525	\$ 547,525
Amount due in one to five years	<u>2,258,913</u>	<u>2,806,437</u>
	2,806,438	3,353,962
Less: Unamortized discount to present value	<u>(361,570)</u>	<u>(421,830)</u>
Total	<u>\$ 2,444,868</u>	<u>\$ 2,932,132</u>

**NOTE 7 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at September 30:

	2023	2022
Land	\$ 39,900	\$ 39,900
Warehouse	346,344	346,344
Warehouse improvements	557,182	557,182
Warehouse equipment	72,360	72,360
Computer equipment	289,048	289,048
Leasehold Improvements	<u>195,558</u>	<u>195,558</u>
Total property and equipment	1,500,392	1,500,392
Less: accumulated depreciation	<u>(1,455,860)</u>	<u>(1,417,506)</u>
Total property and equipment, net	<u>\$ 44,532</u>	<u>\$ 82,886</u>

Depreciation expense amounted to \$38,354 and \$95,724 for the years ended September 30, 2023 and 2022, respectively.

**NOTE 8 – REFUNDABLE ADVANCES**

During the year ended September 30, 2020, the Organization received a conditional contribution in the amount of \$10,000,000. The grant is subject to various milestones being met. Of the total conditional grant, the full amount was received as of September 30, 2023 and was included in the statement of financial position as refundable advances. The majority of this amount was spent down and recognized as revenue and \$112,060 remains as a refundable advance as of September 30, 2023.



**CATHOLIC MEDICAL MISSION BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 9 – GIFT ANNUITY PROGRAM**

The Organization has a gift annuity program whereby donors transfer assets to the Organization, and the donor or specified beneficiaries receive fixed payments for the remainder of their lifetimes. A number of factors, including the amount placed in the gift annuity and the age of the donor or beneficiary, determine the amount of the fixed payment to the donor or beneficiary. Amounts received from donors are allocated between contribution support and gift annuity payable based on a predetermined formula. Contribution revenue amounted to \$78,525 and \$110,377 for the years ended September 30, 2023 and 2022, respectively.

Gift annuity program investment return is included in the accompanying statements of activities for the years ended September 30, 2023 and 2022, and is summarized below:

	2023	2022
Dividends and interest	\$ 24,245	\$ 18,782
Realized gain on sale of gift annuity investments	112,538	438,455
Unrealized gain (loss) on gift annuity investments	348,261	(1,248,625)
Less: Investment fees	(37,423)	(39,471)
Total	\$ 447,621	\$ (830,859)

For the years ended September 30, 2023 and 2022, investment fees amounted to \$37,423 and \$39,471, respectively.

**NOTE 10 – RETIREMENT PLAN**

The Organization sponsors a savings plan under Section 401(k) of the Internal Revenue Code called the Catholic Medical Mission Board, Inc. 401(k) Savings Plan (the “401(k) Plan”). The 401(k) Plan allows eligible employees to contribute up to 20% of their compensation on a pre-tax basis, subject to an annual limitation per employee. The Organization contributes up to one-half of the first 6% of annual eligible compensation of employees participating.

The Organization also has the option of making a discretionary contribution to the 401(k) Plan. For the years ended September 30, 2023 and 2022, the Organization contributed \$418,459 and \$469,388, respectively, to the 401(k) Plan.

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

The net assets with donor restrictions consist of the following at September 30:

	2023	2022
Haiti grants	\$ 1,041,054	\$ 1,596,680
Country level health related training	-	46,303
Medical Volunteer Program restricted funds	348,831	300,496
Medical Donations Program	-	68,600
Disaster Relief	1,233,616	991,514
Peru Grants	442,270	426,246
Zambia Grants	125,715	270,398
Kenya Grants	1,000	243,376
South Sudan Grants	271,815	68,710
Sudan	453,935	543,066
Children and Mothers Partnerships	159,592	105,592
Beneficial interest	2,384,607	2,932,132
Other	976,939	846,606
	\$ 7,439,374	\$ 8,439,719

Net assets of \$8,784,565 and \$9,936,650 were released from restrictions during the years ended September 30, 2023 and 2022, respectively, as a result of satisfying purpose restrictions.

**CATHOLIC MEDICAL MISSION BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 12 – BOARD DESIGNATED NET ASSETS**

The Organization’s Board designated fund investment policy is to invest primarily in mutual funds based on an asset allocation, approved by the Board of Directors, to satisfy its overall Board designated fund financial and investment objectives. The overall investment objective is to maximize the total return from income (dividends and interest) and the appreciation of investments. The policy for valuing the Organization’s investments is described in Note 2D.

In 2014, the Organization’s Board designated the investments as a Board designated fund to be used for program or administrative purposes as deemed necessary.

Changes in Board designated net assets are as follows for the years ended September 30:

	2023	2022
Board designated net assets, beginning of year	\$ 20,616,091	\$ 24,809,881
Investment activity:		
Unrealized gain (loss) on investments	2,313,817	(4,193,790)
Total investment activity	2,313,817	(4,193,790)
Board designated net assets, end of year	\$ 22,929,908	\$ 20,616,091

**NOTE 13 – CHARITABLE REMAINDER ANNUITY TRUST**

In September 1997, the Organization was named as trustee for a charitable remainder annuity trust (“CRAT”). The CRAT is required to make annual payments to the donors equal to 7.1% of the net fair market value of the contributed assets as of the date the agreement was executed. Upon the death of the donors, the trustee is required to distribute the assets of the trust to the Little Sisters of the Poor of Los Angeles in the amount of the lesser of fifty percent of the assets or \$1,000,000, and the remainder to the Organization. The fair market value of the trust assets at both September 30, 2023 and 2022 was \$4,626. For the years ended September 30, 2023 and 2022, actuarial calculations used to measure the Organization’s related liability assumed a discount rate of 7.5% and used the 1983 Individual Annuity Mortality Table.

**NOTE 14 – LEASES**

The Organization leases office space under a long-term non-cancelable operating lease agreement. The Organization assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. As a result, the adoption of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 842 had no impact on the Organization’s prior year statement of financial position and changes in net assets. No comparative information is provided for the amounts reported on the statement of financial position as of September 30, 2023 since the Organization used the modified retrospective method of transition that does not require restating the prior period.

The Organization’s New York City headquarters lease agreement expired in December 2022. CMMB signed a new lease with America Media commencing on December 1, 2022, expiring on May 31, 2024.

Rental expenses included in the accompanying statements of functional expenses for the years ended September 30, 2023 and 2022 amounted to \$594,141 and \$856,895, respectively. Approximately \$215,000 and \$470,000 was spent on the New York City headquarters during the years ended September 30, 2023 and 2022, respectively. The rest was spent on other facilities outside of New York City which did not require adoption of ASC 842.

The weighted-average discount rate is based on the risk-free rate in the lease. The Organization has elected the option to use the risk-free rate determined by using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

**CATHOLIC MEDICAL MISSION BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 14 – LEASES (CONTINUED)**

The following summarized the weighted-average remaining lease term and weighted-average discount rate:

Weighted average remaining lease term in years:

Operating lease 0.67

Weighted average discount rate:

Operating lease 4.25%

As of September 30, 2023, both the ROU asset and liability totaled \$81,126, as shown on the accompanying statement of financial position. Future minimum payments for non-cancelable leases for the remaining year ending after September 30, 2023 are as follows:

	<u>Operating Leases</u>
2024	\$ 82,400
Total future minimum lease payments	82,400
Less: interest	<u>(1,274)</u>
Total	<u>\$ 81,126</u>

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

- A. The Organization is party to legal proceedings incidental to its activities. Certain claims, lawsuits and complaints arising in the ordinary course of business have been filed or are pending against the Organization. In the opinion of management, based upon current facts and circumstances, the resolution of these matters should not have a material adverse effect on the financial statements.
- B. The Organization has no uncertain tax positions as of September 30, 2023 and 2022 in accordance with ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 16 – CONCENTRATIONS**

- A. **Credit Risk** – Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with various financial institutions that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Interest bearing accounts are insured up to \$250,000 per depositor, per insured financial institution.

As of September 30, 2023 and 2022, there was approximately \$440,000 and \$3,169,000, respectively, of cash and cash equivalents with one financial institution that exceeded FDIC limits.

- B. **Donated Pharmaceuticals, Equipment and Supplies** – One pharmaceutical company accounted for approximately 72% and 52% of the donated pharmaceuticals, equipment and supplies for the years ended September 30, 2023 and 2022, respectively.

**NOTE 17 – CHANGE IN NET ASSETS**

For the years ended September 30, 2023 and 2022, the Organization had changes in net assets of approximately (\$95.7 million) and \$43.6 million, respectively. These fluctuations are due to the timing of receipts of donated pharmaceuticals and amounts distributed by the end of each fiscal year. The differences are included in inventory as of September 30, 2023 and 2022.

**NOTE 18 – SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the statement of financial position through March 5, 2024, the date the financial statements were available to be issued.