

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

Catholic Medical Mission Board, Inc.

September 30, 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Catholic Medical Mission Board, Inc.

Opinion

We have audited the consolidated financial statements of Catholic Medical Mission Board, Inc. (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Emphasis of matter

As discussed in Note 3, opening net assets have been restated to correct misstatements. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated 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.



Melville, New York
June 27, 2025

Catholic Medical Mission Board, Inc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

September 30, 2024

ASSETS

Cash and cash equivalents	\$ 5,494,570
Investments	37,369,665
Inventory	25,162,702
Accrued interest and other receivables	15,770
Contributions and pledges receivable	203,245
Prepaid expenses and other assets	532,504
Beneficial interest in charitable lead annuity trust	1,957,605
Operating lease asset	83,493
Property and equipment, net	<u>2,059,274</u>
 Total assets	 <u><u>\$ 72,878,828</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 3,827,871
Deferred revenue	2,091,324
Gift annuity payable	1,386,864
Operating lease liability	<u>83,493</u>
 Total liabilities	 <u>7,389,552</u>

Commitments and contingencies (Notes 5 and 15)

Net assets

Without donor restrictions:

Board designated reserve fund	32,526,656
Undesignated fund	<u>23,750,962</u>

Total without donor restrictions	<u>56,277,618</u>
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With donor restrictions:

Program-specific	7,254,053
Time-restricted	<u>1,957,605</u>

Total with donor restrictions	<u>9,211,658</u>
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Total net assets	<u>65,489,276</u>
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Total liabilities and net assets	<u><u>\$ 72,878,828</u></u>
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The accompanying notes are an integral part of this consolidated financial statement.

Catholic Medical Mission Board, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Support revenue			
Donated pharmaceuticals, equipment and supplies	\$ 277,610,676	\$ -	\$ 277,610,676
Donated services	1,286,847	-	1,286,847
Grants and contributions	32,246,382	7,847,670	40,094,052
Bequests	4,364,933	-	4,364,933
Dividends and interest	126,964	1,529	128,493
Net assets released from restrictions	6,800,134	(6,800,134)	-
	<u>322,435,936</u>	<u>1,049,065</u>	<u>323,485,001</u>
Total support revenue			
	<u>322,435,936</u>	<u>1,049,065</u>	<u>323,485,001</u>
Expenses			
Program services			
Global programs	29,209,308	-	29,209,308
Volunteers	1,625,263	-	1,625,263
Medical donations program	301,120,969	-	301,120,969
	<u>331,955,540</u>	<u>-</u>	<u>331,955,540</u>
Total program services			
	<u>331,955,540</u>	<u>-</u>	<u>331,955,540</u>
Supporting services			
Fundraising	8,762,699	-	8,762,699
Administration	5,812,882	-	5,812,882
	<u>14,575,581</u>	<u>-</u>	<u>14,575,581</u>
Total supporting services			
	<u>14,575,581</u>	<u>-</u>	<u>14,575,581</u>
Total expenses	<u>346,531,121</u>	<u>-</u>	<u>346,531,121</u>
Change in net assets from operating activities	(24,095,185)	1,049,065	(23,046,120)
Nonoperating activities			
Gain on investments and gift annuity investments	6,008,562	55,531	6,064,093
Change in valuation of gift annuity payable	7,158	-	7,158
Foreign currency loss	(127,962)	-	(127,962)
	<u>5,887,758</u>	<u>55,531</u>	<u>5,943,289</u>
Total nonoperating activities			
	<u>5,887,758</u>	<u>55,531</u>	<u>5,943,289</u>
Change in total net assets	(18,207,427)	1,104,596	(17,102,831)
Net assets - beginning of year	<u>74,542,417</u>	<u>7,439,374</u>	<u>81,981,791</u>
Restatement of opening net assets	(57,372)	667,688	610,316
Net assets - beginning of year (as restated)	<u>74,485,045</u>	<u>8,107,062</u>	<u>82,592,107</u>
Net assets - end of year	<u>\$ 56,277,618</u>	<u>\$ 9,211,658</u>	<u>\$ 65,489,276</u>

The accompanying notes are an integral part of this consolidated financial statement.

Catholic Medical Mission Board, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2024

	Global Programs	Volunteers	Medical Donations Programs	Total Program Services	Fundraising	Administration	Total Supporting Services	Total
Salaries	\$ 8,361,737	\$ 171,946	\$ 882,932	\$ 9,416,615	\$ 1,699,273	\$ 2,321,788	\$ 4,021,061	\$ 13,437,676
Payroll taxes and fringe benefits	2,416,479	60,761	215,214	2,692,454	468,105	807,663	1,275,768	3,968,222
Total salaries and related costs	10,778,216	232,707	1,098,146	12,109,069	2,167,378	3,129,451	5,296,829	17,405,898
Temporary help and volunteer stipends	107,433	14,795	6,495	128,723	-	3,576	3,576	132,299
Program expense	2,871,612	6,637	61,204	2,939,453	-	-	-	2,939,453
Grant awards	9,491,274	152,821	63,355	9,707,450	-	-	-	9,707,450
Postage and mailing	228	113	708	1,049	1,582,498	228	1,582,726	1,583,775
Rent and utilities	699,504	-	109,572	809,076	-	130,509	130,509	939,585
Telephone and communications	245,235	128	5,543	250,906	3,375	26,659	30,034	280,940
Supplies	630,976	3,580	23,891	658,447	117	21,536	21,653	680,100
Computer software and hardware	184,472	4,139	162,068	350,679	40,965	326,044	367,009	717,688
Insurance	31,112	-	-	31,112	-	552,611	552,611	583,723
Maintenance	101,133	-	31,496	132,629	-	8,438	8,438	141,067
Professional services	608,101	-	363,689	971,790	3,384,390	1,144,865	4,529,255	5,501,045
Bank charges	109,279	-	22	109,301	67,416	803	68,219	177,520
Conventions, meetings and workshops	2,143,308	510	18,371	2,162,189	1,307	89,320	90,627	2,252,816
Travel	664,780	37,509	48,471	750,760	26,314	79,084	105,398	856,158
Dues and membership fees	6,759	785	22,560	30,104	350	43,731	44,081	74,185
Advertising and publicity	2,545	-	-	2,545	515,699	43,831	559,530	562,075
Printing	44,762	57	75	44,894	929,759	40,188	969,947	1,014,841
Shipping, freight and storage	3,514	-	242,313	245,827	84	3,637	3,721	249,548
Staff training and conference sponsorships	467,031	2,476	1,430	470,937	6,340	21,712	28,052	498,989
Depreciation	14,816	-	4,632	19,448	-	56,234	56,234	75,682
Other expenses	3,218	14,069	2,861	20,148	36,707	90,425	127,132	147,280
Total before other expenses	29,209,308	470,326	2,266,902	31,946,536	8,762,699	5,812,882	14,575,581	46,522,117
Other expenses:								
Medical assistance to missions	-	-	278,856,180	278,856,180	-	-	-	278,856,180
Donated services	-	1,154,937	131,911	1,286,848	-	-	-	1,286,848
Inventory obsolescence	-	-	19,865,976	19,865,976	-	-	-	19,865,976
Total other expenses	-	1,154,937	298,854,067	300,009,004	-	-	-	300,009,004
Total operating expenses	\$ 29,209,308	\$ 1,625,263	\$ 301,120,969	\$ 331,955,540	\$ 8,762,699	\$ 5,812,882	\$ 14,575,581	\$ 346,531,121

The accompanying notes are an integral part of this consolidated financial statement.

Catholic Medical Mission Board, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended September 30, 2024

Cash flows from operating activities:

Change in net assets	\$ (17,102,831)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	75,682
Increase in inventory (net of inventory obsolescence)	21,061,748
Realized gain on sale of investments and gift annuity investments	(2,836,077)
Unrealized gain on investments and gift annuity investments	(3,267,765)
Decrease in discount of charitable lead annuity trust	(60,261)
Contributions for charitable gift annuities	(53,248)
Change in valuation of gift annuity payable	(7,158)
	<hr/>
Subtotal	(2,189,910)

Changes in operating assets and liabilities:

Decrease in accrued interest and other receivables	360,621
Decrease in contributions and pledges receivable	773,673
Decrease in government grants receivable	618,076
Increase in prepaid expenses and other assets	(274,904)
Decrease in beneficial interest in charitable lead annuity trust	547,524
Increase in accounts payable and accrued expenses	1,103,208
Increase in deferred revenue	138,063
	<hr/>
Net cash provided by operating activities	1,076,351

Cash flows from investing activities:

Proceeds from sale of marketable securities and gift annuity investments	35,937,765
Purchases of marketable securities and gift annuity investments	(35,321,433)
Purchases of property and equipment	(204,708)
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Net cash provided by investing activities	411,624

Cash flows from financing activities:

Proceeds from new gift annuity obligations	100,515
Payment of gift annuity obligations	(195,105)
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Net cash used in financing activities	(94,590)

NET INCREASE IN CASH AND CASH EQUIVALENTS	1,393,385
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Cash and cash equivalents at beginning of year, as restated	4,101,185
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Cash and cash equivalents at end of year	\$ 5,494,570
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The accompanying notes are an integral part of this consolidated financial statement.

Catholic Medical Mission Board, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

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 activities of CMMB-Peru is consolidated in the accompanying consolidated 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

Basis of Presentation

The Organization prepares its consolidated 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"). All inter-company amounts have been eliminated in consolidation.

Net Assets

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 restrictions 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.

Net assets with donor restrictions also include the corpus of gifts, which must be maintained in perpetuity, but allow for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes in accordance with donor stipulations.

Catholic Medical Mission Board, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

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.

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.

Investments

Investments in marketable securities and gift annuity investments are stated at fair market value as discussed further at Note 5. Except for earnings on the Organization's donor-restricted endowment, 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.

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.

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.

Catholic Medical Mission Board, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

The Organization has segregated all financial assets and liabilities that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value, except for those investments and assets of trusts administered by the Organization that are measured at fair value using the net asset value ("NAV") per share practical expedient.

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 below.

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 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 year ended September 30, 2024, the Organization received donated pharmaceuticals, equipment and supplies of approximately \$278,000,000. As of September 30, 2024, the Organization had no obsolescence of inventory due to the expiration of products prior to distribution.

The Organization also received donated services provided by licensed professionals totaling 2,240 days during the year ended September 30, 2024 (unaudited).

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 year ended September 30, 2024 was approximately \$1,287,000, 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, 2024:

Nonfinancial Asset	Amount	Usage in Programs/ Activities	Donor-imposed Restrictions	Fair Value Techniques
Pharmaceuticals, equipment, and supplies	\$ 277,610,676	Program	No associated donor restrictions	Based on fair value as listed in professional reference materials
Donated services	<u>1,286,847</u>	Program	No associated donor restrictions	Based on rates published by the United States Bureau of Labor Statistics
Total	<u>\$ 278,897,523</u>			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. These amounts do not 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 rest with the governmental funding source rather than the Organization.

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use ("ROU") assets and lease liabilities for its office space. The Organization has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term.

Lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate per U.S. Treasury instrument for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term. The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on its statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Contributions of Cash and Other Financial Assets

The Organization records contributions, including promises to give, in the period received or pledged as long as they are unconditional which requires there be no right of return of the assets contributed and no indication of donor-imposed barriers or performance obligations as a condition of the contribution based upon the donor agreement. Contributions of securities or other similar nonfinancial assets are recorded at the fair value of the assets received and are classified as either without donor restrictions or with donor restrictions, depending on whether the donor has imposed a restriction on the use of such assets.

Catholic Medical Mission Board, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

Conditional contributions received with donor-imposed barriers are recognized as revenue when the barriers have been met. Amounts received in advance of satisfying the donor-imposed barriers are reported as deferred revenue until the barriers are met.

Pledged contributions not expected to be received within one year are recognized as support with donor restrictions and are discounted using an appropriate discount rate assigned in the year the pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity.

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 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 year ending September 30, 2024 have been disclosed.

Deferred Revenue

Deferred revenue represents funding received in advance of program services being provided by the Organization.

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. The Organization writes-off contributions receivable when they become uncollectible, and payments subsequently received are recorded as income in the period received. No allowance for uncollectible accounts was considered necessary for September 30, 2024.

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.

Bequests

The Organization recognizes bequests at the time unassailable rights to the gifts have been established and the proceeds are measurable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statements of functional expenses. Accordingly, personnel expenses that are not directly charged to a specific program, grant, or supporting service are allocated among programs and supporting services on the basis of estimates of time and effort, determined through time tracking records. Travel-related expenses are allocated based on mileage logs or number of days vehicles are used.

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.

Measure of Operations

The consolidated statement of activities distinguishes between operating and nonoperating activities. Nonoperating activities include realized and unrealized gains (losses) on investments, change in value of gift annuity payables, foreign currency translation adjustments, and nonrecurring items.

NOTE 3 - RESTATEMENT OF OPENING NET ASSETS

During the year ended September 30, 2024, the Organization identified several errors related to prior reporting periods. These included:

Omission of a Health Care Facility and Related Accounts

The Organization previously expected to transfer ownership of a health care facility that the Organization constructed and completed in 2017 to local health authorities. As a result, the facility and its related activities were excluded from the Organization's consolidated financial statements. As the transfer to the local health authorities never occurred and the Organization has continued to operate the facility, the construction costs and related bank accounts should have been included in prior periods. Accordingly, an adjustment has been recorded to reflect the health care facility and associated cash accounts in the consolidated financial statements as of October 1, 2023. This resulted in increased fixed assets, net totaling \$1,885,716, cash and cash equivalents totaling \$3,501, and net assets without donor restrictions totaling \$1,889,217.

Write-Off of Previously Reported Receivables

During a review of aged accounts receivable balances, management determined that certain balances should have been written off in prior years. This resulted in decreases in contribution and pledge receivables totaling \$800,007 and government grant receivables totaling \$510,954 as well as net assets without donor restrictions totaling \$1,390,961 as of October 1, 2023.

Revenue Recognition

The Organization previously recognized unspent amounts received on an unconditional grant agreement as a refundable advance (i.e. liability). As the amounts received related to an unconditional restricted grant, any unspent funds should have been reported as net assets with donor restrictions at September 30, 2023. Accordingly, this resulted in an adjustment to opening net assets with donor restrictions totaling \$112,060 as of October 1, 2023.

Catholic Medical Mission Board, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

Adjustment to Purpose Restricted Net Assets

The Organization performed a review of their purpose restricted net assets during fiscal 2024 and identified certain funds where expenses were mistakenly charged to restricted grants and therefore had been incorrectly released from restriction. Accordingly, this resulted in an adjustment to replenish the balances in those restricted funds as of the beginning of the year totaling \$492,564 as of October 1, 2023.

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions
Omission of a health care facility and related accounts	\$ 1,889,217	\$ -
Write-off of previously reported receivables	(1,390,961)	-
Revenue recognition	-	112,060
Adjustment to purpose restricted net assets	<u>(555,628)</u>	<u>555,628</u>
Total adjustment to opening net assets	<u>\$ (57,372)</u>	<u>\$ 667,688</u>

This adjustment is reflected as a restatement of beginning net assets in the 2024 financial statements. The impact on the financial statement line items affected are as follows:

	Opening Balance at October 1, 2023	Adjustment to Opening Balance	Opening Balance, as Restated, at October 1, 2023
Cash	\$ 4,097,684	\$ 3,501	\$ 4,101,185
Contributions and pledge receivable	1,856,925	(880,007)	976,918
Government grants receivable, net	1,129,030	(510,954)	618,076
Property and equipment, net	44,532	1,885,716	1,930,248
Total assets	88,394,761	498,256	88,893,017
Refundable advance	112,060	(112,060)	-
Total liabilities	6,412,970	(112,060)	6,300,910
Net assets without donor restrictions	74,542,417	(57,372)	74,485,045
Net assets with donor restrictions	7,439,374	667,688	8,107,062
Total net assets	81,981,791	610,316	82,592,107

Additionally, CMMB identified a donor endowment gift that had been received in a prior year that, while it had been recognized and included in net assets with donor restrictions, had not been properly disclosed as an endowment within the footnotes to the financial statements. Accordingly, Note 12 includes an adjustment to opening donor-restricted endowment net assets as of October 1, 2023. Additionally, accumulated earnings on the endowments had been reported as net assets without donor restrictions. Such funds had to be reclassified to net assets with donor restrictions totaling \$63,064.

NOTE 4 - 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, receivables and a board designated fund.

Catholic Medical Mission Board, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

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.

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, 2024:

Cash and cash equivalents	\$ 5,494,570
Accrued interest and other receivables	15,770
Contributions and pledges receivable, due within one year	203,245
Beneficial interest in charitable lead annuity trust, due within one year	547,525
Investments, net of board designated funds and donor funds	4,349,599
Net assets with donor restrictions, net of the noncurrent portion of beneficial interest in charitable lead annuity trust	<u>(7,801,578)</u>
Total	<u>\$ 2,809,131</u>

The Organization also has Board designated funds of approximately \$32.5 million as of September 30, 2024. The Board has the ability to release these funds upon its discretion as needed.

NOTE 5 - INVESTMENTS AT FAIR VALUE

Investments, at fair value, on September 30, 2024, consisted of and are classified in the table as follows:

	<u>Level 1</u>	<u>Total</u>
Cash and cash equivalents	\$ -	\$ 183,965
Mutual funds		
Large cap equities	3,455,994	3,455,994
International equities	4,731,363	4,731,363
Diversified	87,440	87,440
Fixed income	<u>11,835,033</u>	<u>11,835,033</u>
Total	<u>\$ 20,109,830</u>	20,293,795
Collective trust funds measured at NAV		13,016,330
Hedge funds measured at NAV		<u>4,059,540</u>
Total investments		<u>\$ 37,369,665</u>

Investments in mutual funds are valued using real-time quotes or market prices for similar funds in active markets (Levels 1). The Organization held alternative investments valued at NAV per share with Ascension Investments and State Street Global Advisors as of September 30, 2024. There were no redemption restrictions or unfunded commitments on the investments.

Catholic Medical Mission Board, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

Fair Value of Investments in Entities that Use NAV

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of September 30, 2024:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Collective Trust Funds measured at NAV	<u>\$ 13,016,330</u>	None	Daily	Daily
Hedge Funds	<u>\$ 4,059,540</u>	\$ 1,333,900	Monthly and 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.

NOTE 6 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

At September 30, 2024 various individual contributions and pledges receivable amounted to \$203,245. All contributions and pledges receivable as of September 30, 2024, are expected to be collected during the year ending September 30, 2025.

NOTE 7 - 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 represented 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, 2024:

Amount due in less than one year	\$ 547,525
Amount due in one to five years	<u>1,711,388</u>
	2,258,913
Less: unamortized discount to present value	<u>(301,308)</u>
Total	<u>\$ 1,957,605</u>

The Organization's beneficial interest in charitable lead annuity trust is considered a Level 3 investment. The following is a roll forward of Level 3 financial assets for the years ended September 30, 2024:

<u>Beginning Balance as of October 1, 2023</u>	<u>Payments Received</u>	<u>Change in Discount</u>	<u>Ending Balance as of September 30, 2024</u>
<u>\$ 2,444,868</u>	<u>\$ (547,525)</u>	<u>\$ 60,262</u>	<u>\$ 1,957,605</u>

Catholic Medical Mission Board, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2024:

Land	\$ 69,900
Warehouse	346,344
Warehouse improvements	605,024
Health center - building	2,193,118
Computer equipment	289,048
Office furniture and equipment	9,493
Project vehicles	<u>156,431</u>
 Total property and equipment	 3,669,358
 Less: accumulated depreciation	 <u>(1,610,084)</u>
 Total property and equipment, net	 <u>\$ 2,059,274</u>

Depreciation expense amounted to \$75,682 for the year ended September 30, 2024.

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. Several 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 \$53,248 for the year ended September 30, 2024.

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 year ended September 30, 2024, the Organization contributed \$352,267, to the 401(k) Plan.

Catholic Medical Mission Board, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions consist of the following at September 30, 2024:

Haiti grants	\$ 1,393,029
Medical Volunteer Program restricted funds	292,226
Medical Donations Program	25,000
Disaster Relief	1,295,850
Peru Grants	402,000
Zambia Grants	252,954
Kenya Grants	464,383
South Sudan Grants	474,874
Sudan	328,025
Children and Mothers Partnerships	164,667
Beneficial Interest	1,957,605
Donor-Restricted Endowment	613,534
Other	1,547,511
	<hr/>
Total	<u>\$ 9,211,658</u>

Net assets of \$6,860,395 were released from restrictions during the year ended September 30, 2024, as a result of satisfying purpose and time restrictions.

NOTE 12 - INVESTMENT POLICY STATEMENT, BOARD DESIGNATED NET ASSETS AND DONOR-RESTRICTED ENDOWMENT

The Organization's investment policy outlines the goals and objectives for the Board-designated investment fund and donor -restricted endowment fund of CMMB. It serves as a guide for the CMMB Board of Directors, Finance Committee, Staff, Investment Advisor, and Investment Managers in the prudent management, monitoring, and evaluation of the Fund's assets under the Committee's authority.

The Organization has received donor-restricted endowment contributions of perpetual duration and classified these funds as net assets with donor restrictions, with the appreciation available for the general purposes of the Organization. The Organization's investment policy requires that endowment funds be invested in Level 1 assets and provides management with an asset allocation guideline, which provides flexibility for management of the portfolio to achieve long-term growth, without excessive risk. The Organization follows guidance which, among other things, addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). A key component of this guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as held in perpetuity as net assets with donor restrictions until appropriated for expenditure. This standard requires new disclosures about an organization's donor restricted and board-designated (quasi) endowment funds. The management of the Organization has interpreted the New York state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization would classify as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the donor-restricted endowment; and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if any. The remaining portion of the donor-restricted endowment fund includes the accumulated unspent earnings on the donor-restricted endowment funds that remain within net assets with donor restrictions until those amounts are appropriated for expenditure the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Catholic Medical Mission Board, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

Changes in endowment net assets for the years ending September 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, September 30, 2023, as restated	\$ 22,929,908	\$ 556,474	\$ 23,486,382
Management designations and donor restricted gifts	3,685,507	-	3,685,507
Net investment return	5,791,117	57,060	5,848,177
Endowment assets, September 30, 2024	<u>\$ 32,406,532</u>	<u>\$ 613,534</u>	<u>\$ 33,020,066</u>

NOTE 13 - LEASES

The Organization leases office space under a long-term 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.

The Organization's New York City headquarters lease agreement with America Media commenced in December 2022, expiring on May 31, 2025.

Rental expenses included in the accompanying statements of functional expenses for the year ended September 30, 2024 amounted to \$648,726. Approximately \$135,654 was spent on the New York City headquarters during the year ended September 30, 2024.

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.

The following summarize 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%

Catholic Medical Mission Board, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

As of September 30, 2024, both the ROU asset and liability totaled \$83,493, as shown on the accompanying statement of financial position. Future minimum payments for non-cancelable leases for the remaining year ending after September 30, 2024, are as follows:

	<u>Operating Lease</u>
2025	\$ 84,800
Total future minimum lease payments	84,800
Less: interest	<u>(1,307)</u>
Total	<u>\$ 83,493</u>

NOTE 14 - COMMITMENTS AND CONTINGENCIES

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.

NOTE 15 - INCOME TAXES

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization is exempt from federal income tax under Internal Revenue Code section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, the Organization has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

NOTE 16 - CONCENTRATIONS

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. The Organization does not believe that a significant risk of loss due to the failure of a financial institution to perform exists.

Catholic Medical Mission Board, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2024

Donated Pharmaceuticals, Equipment and Supplies

One pharmaceutical company accounted for approximately 51% of the donated pharmaceuticals, equipment, and supplies for the year ended September 30, 2024.

NOTE 17 - CHANGE IN NET ASSETS

For the year ended September 30, 2024, the Organization had changes in net assets of approximately (\$17.1 million). 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, 2024.

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through June 27, 2025, the date the financial statements were available to be issued.