

BANDA

H E A L T H

BANDA HEALTH

Financial Statements
With Independent Accountants' Review Report

December 31, 2018 and 2017

BANDA HEALTH

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Banda Health
Monument, Colorado

We have reviewed the accompanying financial statements of Banda Health, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

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

Accountants' Conclusion

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

Capin Crouse LLP

Colorado Springs, Colorado
August 23, 2019

BANDA HEALTH

Statements of Financial Position

	December 31,	
	<u>2018</u>	<u>2017</u>
ASSETS:		
Cash	\$ 25,162	\$ 14,975
Prepaid expenses and other assets	<u>1,070</u>	<u>-</u>
Total Assets	<u>\$ 26,232</u>	<u>\$ 14,975</u>
NET ASSETS:		
Without donor restrictions	<u>26,232</u>	<u>14,975</u>
Total Liabilities and Net Assets	<u>\$ 26,232</u>	<u>\$ 14,975</u>

See accompanying notes and independent accountants' review report

BANDA HEALTH

Statements of Activities

(Changes in Net Assets Without Donor Restrictions)

	Year Ended December 31,	
	2018	2017
SUPPORT AND REVENUE:		
Gift-in-kind services	\$ 44,196	\$ 51,599
Contributions	25,524	22,606
Other income	23	18
Total Support and Revenue	69,743	74,223
EXPENSES:		
Program services	50,858	77,962
Supporting activities:		
General and administrative	3,128	4,023
Fund-raising	4,500	4,982
	7,628	9,005
Total Expenses	58,486	86,967
Change in Net Assets	11,257	(12,744)
Net Assets, Beginning of Year	14,975	27,719
Net Assets, End of Year	\$ 26,232	\$ 14,975

See accompanying notes and independent accountants' review report

BANDA HEALTH

Statements of Cash Flows

	Year Ended December 31,	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 11,257	\$ (12,744)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net change in operating assets and liabilities:		
Prepaid expenses and other assets	(1,070)	-
Net Cash Provided (Used) by Operating Activities	<u>10,187</u>	<u>(12,744)</u>
Net Change in Cash	10,187	(12,744)
Cash, Beginning of Year	<u>14,975</u>	<u>27,719</u>
Cash, End of Year	<u>\$ 25,162</u>	<u>\$ 14,975</u>

See accompanying notes and independent accountants' review report

BANDA HEALTH

Notes to Financial Statements

December 31, 2018 and 2017

1. NATURE OF ORGANIZATION:

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

Nine Kenyan clinics have implemented Banda Go, BH's business management solution, with 20 in its pipeline. Patients' limited ability to pay means that these clinics must minimize expenses to stay in business. Banda Go helps them do this by automating inventory, cashier, accounting and reporting. They stop running out of medicine, wasting hours on paperwork, and guessing at their business's financial health. By keeping their businesses healthy, these clinics can provide better healthcare to the patients who depend on them.

BH is working to deliver Banda Go to 500 clinics (1 million patients annually) in three years and to expand Banda Go to include clinical features like electronic medical records and artificial intelligence-assisted diagnosis.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

CASH

Cash consists of checking accounts. The checking account balances, at times, may exceed federally insured limit. As of December 31, 2018 and 2017, amounts held in these checking accounts did not exceed the federally insured limit. BH has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

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Notes to Financial Statements

December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

Net assets without donor restrictions are those amounts that are available for current operations. During the years ended December 31, 2018 and 2017, BH received no donor restricted contributions or donations.

SUPPORT, REVENUE, AND EXPENSES

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

The Not-for-Profit Topic of the FASB Accounting Standards Codification requires recording the value of donated services that create or enhance nonfinancial assets or require specialized skills. BH records seconded missionary staff services from SIM USA that meet these requirements. During the years ended December 31, 2018 and 2017, BH received donated services from seconded missionaries totaling \$44,196 and \$51,599, respectively.

Expenses are recognized when incurred, in accordance with the accrual basis of accounting.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. BH adopted the provisions of this standard during the year ended December 31, 2018. As part of adopting this provision, BH has included disclosures regarding liquidity and the availability of resources (note 3), and disclosures related to the functional allocation and natural classification of expenses (note 4).

3. LIQUIDITY AND FUNDS AVAILABLE:

As of December 31, 2018 and 2017, financial assets consist of cash totaling \$25,162 and \$14,975, respectively. Management did not identify any items not available for general expenditure because of contractual or donor-imposed restrictions within one year of the statements of financial position date. Thus, as of December 31, 2018 and 2017, financial assets available to meet cash needs for general expenditures within one year totaled \$25,162 and \$14,975, respectively.

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Notes to Financial Statements

December 31, 2018 and 2017

4. FUNCTIONAL EXPENSES:

The costs of providing the various program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include personnel and labor, donor development, professional services, and other expenses. Personnel and labor and professional services are allocated based on estimates of time and effort donated by missionaries with specialized skill. Donor development and other expenses are allocated based on the underlying purpose of the expense or on overall time spent and effort exerted on various programs. The following table presents the functional allocation of expenses for the year ended December 31, 2018, with comparative natural classifications for the year ended December 31, 2017:

	For the Year Ended December 31, 2018				
	<u>Program</u>	<u>General &</u>	<u>Fund-raising</u>	<u>Total</u>	<u>2017 Total</u>
	<u>Services</u>	<u>Administrative</u>			
Personnel and labor	\$ 44,195	\$ -	\$ -	\$ 44,195	\$ 69,649
Donor development	330	-	4,500	4,830	4,982
Professional services	-	3,128	-	3,128	5,569
Software project	2,524	-	-	2,524	5,875
Staff development	2,287	-	-	2,287	453
Insurance	1,015	-	-	1,015	-
Other expenses	507	-	-	507	439
	<u>\$ 50,858</u>	<u>\$ 3,128</u>	<u>\$ 4,500</u>	<u>\$ 58,486</u>	<u>\$ 86,967</u>

5. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through August 23, 2019 which is the date the financial statements were available to be issued.