

# BANDA

H E A L T H

## BANDA HEALTH

Financial Statements  
With Independent Accountants' Review Report

December 31, 2019 and 2018

# 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, 2019 and 2018, 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 American Institute of Certified Public Accountants (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  
June 9, 2020

# BANDA HEALTH

## Statements of Financial Position

	December 31,	
	2019	2018
ASSETS:		
Cash	\$ 45,575	\$ 25,162
Prepaid expenses and other assets	-	1,070
Total Assets	<u>\$ 45,575</u>	<u>\$ 26,232</u>
LIABILITIES AND NET ASSETS:		
Liabilities		
Accounts payable	\$ 3,051	\$ -
	<u>3,051</u>	<u>-</u>
Net assets:		
Without donor restrictions	39,322	26,232
With donor restrictions	3,202	-
	<u>42,524</u>	<u>26,232</u>
Total Liabilities and Net Assets	<u>\$ 45,575</u>	<u>\$ 26,232</u>

See accompanying notes and independent accountants' review report

# BANDA HEALTH

## Statements of Activities

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Gift-in-kind services	\$ 75,533	\$ -	\$ 75,533	\$ 44,196	\$ -	\$ 44,196
Contributions	35,492	19,810	55,302	25,524	-	25,524
Other income	272	-	272	23	-	23
Total Support and Revenue	<u>111,297</u>	<u>19,810</u>	<u>131,107</u>	<u>69,743</u>	<u>-</u>	<u>69,743</u>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	16,608	(16,608)	-	-	-	-
<b>EXPENSES:</b>						
Program services	78,280	-	78,280	49,843	-	49,843
Supporting activities:						
General and administrative	34,552	-	34,552	4,143	-	4,143
Fund-raising	1,983	-	1,983	4,500	-	4,500
Total Expenses	<u>36,535</u>	<u>-</u>	<u>36,535</u>	<u>8,643</u>	<u>-</u>	<u>8,643</u>
	<u>114,815</u>	<u>-</u>	<u>114,815</u>	<u>58,486</u>	<u>-</u>	<u>58,486</u>
Change in Net Assets	13,090	3,202	16,292	11,257	-	11,257
Net Assets, Beginning of Year	26,232	-	26,232	14,975	-	14,975
Net Assets, End of Year	<u>\$ 39,322</u>	<u>\$ 3,202</u>	<u>\$ 42,524</u>	<u>\$ 26,232</u>	<u>\$ -</u>	<u>\$ 26,232</u>

See accompanying notes and independent accountants' review report

# BANDA HEALTH

## Statements of Cash Flows

	Year Ended December 31,	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 16,292	\$ 11,257
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	(1,070)
Accounts payable	3,051	-
Net Cash Provided by Operating Activities	<u>20,413</u>	<u>10,187</u>
Net Change in Cash	20,413	10,187
Cash, Beginning of Year	<u>25,162</u>	<u>14,975</u>
Cash, End of Year	<u>\$ 45,575</u>	<u>\$ 25,162</u>

See accompanying notes and independent accountants' review report

# BANDA HEALTH

## Notes to Financial Statements

December 31, 2019 and 2018

### 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.

Twenty clinics in economically vulnerable communities in East Africa and one hospital in Niger have implemented Banda Go, BH's business management solution. Patients' limited ability to pay means that these healthcare facilities must minimize expenses to stay in business. Banda Go helps them do this by automating inventory, cashier, accounting and reporting, eliminating stock outs, improving financial sustainability, and increasing time available for patient care.

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 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, 2019 and 2018, 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.

#### NET ASSETS

*Net assets without donor restrictions* are those amounts currently available at the discretion of the board of directors for use in BH's operations.

*Net assets with donor restrictions* are those amounts restricted by donors for various ministry projects and programs. During the year ended December 31, 2019, all net assets with donor restrictions consisted of amounts restricted for board expenses. BH had no net assets with donor restrictions as of December 31, 2018.

# BANDA HEALTH

## Notes to Financial Statements

December 31, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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.

BH partners with SIM International and its member bodies whereby funds are raised for BH projects and SIM employees are seconded to work on those projects under the supervision and management of BH. Not for Profit Entities (Topic 958) of the FASB Accounting Standards Codification requires recording the value of donated services that create or enhance nonfinancial assets or require specialized skills. Accordingly, BH recorded seconded staff services that meet these requirements. During the years ended December 31, 2019 and 2018, BH received donated services from seconded staff totaling \$75,533 and \$44,196, respectively.

Also during the years ended December 31, 2019 and 2018, respectively, SIM International and its member bodies received support totaling \$225,190 and \$92,545, for projects on which BH and these organizations partner. These amounts include support for software development, project management, and customer relationship management activities. SIM International and its member bodies received these donations directly from donors and BH does not have control over them; therefore, these amounts are not included within the financial statements.

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

### 3. LIQUIDITY AND FUNDS AVAILABLE:

As of December 31, 2019 and 2018, financial assets consist of cash totaling \$45,575 and \$25,162, respectively. Management did not identify any items not available for general expenditure due to contractual or donor-imposed restrictions within one year of the statements of financial position date. Thus, as of December 31, 2019 and 2018, financial assets available to meet cash needs for general expenditures within one year totaled \$45,575 and \$25,162, respectively. Under the arrangement previously noted as disclosed in Note 2, funds as of December 31, 2019 and 2018 available for the projects on which SIM International and its member bodies and BH partner totaled \$164,913 and \$95,752, respectively.



# BANDA HEALTH

## Notes to Financial Statements

December 31, 2019 and 2018

### 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. Board expenses in 2019 were related to a board trip to Kenya to visit the BH operations and the clinics it serves. These expenses were covered by restricted donations. The following tables present the functional allocation of expenses for the years ended December 31, 2019 and 2018.

	For the Year Ended December 31, 2019			
	Program Services	General & Administrative	Fund-raising	Total
Personnel and labor	\$ 75,532	\$ -	\$ -	\$ 75,532
Board expenses	-	16,608	-	16,608
Professional services	-	15,655	-	15,655
Office and other expenses	1,259	1,219	-	2,478
Donor development	-	-	1,983	1,983
Insurance	-	1,070	-	1,070
Software project	947	-	-	947
Staff development	542	-	-	542
	<u>\$ 78,280</u>	<u>\$ 34,552</u>	<u>\$ 1,983</u>	<u>\$ 114,815</u>

	For the Year Ended December 31, 2018			
	Program Services	General & Administrative	Fund-raising	Total
Personnel and labor	\$ 44,195	\$ -	\$ -	\$ 44,195
Board expenses	-	-	-	-
Professional services	-	3,128	-	3,128
Office and other expenses	507	-	-	507
Donor development	330	-	4,500	4,830
Insurance	-	1,015	-	1,015
Software project	2,524	-	-	2,524
Staff development	2,287	-	-	2,287
	<u>\$ 49,843</u>	<u>\$ 4,143</u>	<u>\$ 4,500</u>	<u>\$ 58,486</u>

# BANDA HEALTH

## Notes to Financial Statements

December 31, 2019 and 2018

### 5. RELATED PARTY TRANSACTIONS:

BH receives donations from members of its board of directors. During the years ended December 31, 2019 and 2018, BH received approximately \$24,000 and \$2,000, respectively.

BH also contracts with various related parties for services. BH paid an organization with which it shares board members approximately \$9,000 and \$3,000, during the years ended December 31, 2019, and 2018, respectively. Total amounts paid to other individuals related to the president for contract work performed during the years ended December 31, 2019 and 2018, were approximately \$6,000 and \$5,000, respectively.

### 6. SUBSEQUENT EVENTS:

In January 2020, the World Health Organization declared the outbreak of novel coronavirus as a “Public Health Emergency of International Concern,” ultimately classifying the resulting COVID-19 as a pandemic. Federal, state, and local governments both in the United States and in countries in which BH operates have mandated various restrictions, including travel restrictions, restrictions on public gatherings, stay at home advisories, and quarantining of people who may have been exposed to the virus.

The duration of the disruption and the related impact cannot be reasonably estimated at this time. Banda is closely monitoring the impact on the clinics it serves. Software development, installation, and clinic support are continuing and are presently being done remotely by staff working from home. The disruption could impact the amount and timing of anticipated donations, and expenditures are being carefully managed. Management believes that BH has, through its own cash and cash from available designated funds held at SIM and its member bodies, enough liquidity to fund its essential operations through this time of uncertainty. They believe the mission and operational effectiveness of BH will not change.

Subsequent events have been evaluated through June 9, 2020 which is the date the financial statements were available to be issued.