

BANDA

H E A L T H

Financial Statements
With Independent Accountants' Review Report

December 31, 2020 and 2019

BANDA HEALTH

Table of Contents

	<u>Page</u>
Independent Accountants' Review Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5

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, 2020 and 2019, 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
July 1, 2021

BANDA HEALTH

Statements of Financial Position

	December 31,	
	2020	2019
ASSETS:		
Cash	\$ 143,898	\$ 45,575
Prepaid expenses and other assets	1,190	-
Total Assets	<u>\$ 145,088</u>	<u>\$ 45,575</u>
LIABILITIES AND NET ASSETS:		
Liabilities		
Accounts payable	\$ 1,760	\$ 3,051
	<u>1,760</u>	<u>3,051</u>
Net assets:		
Without donor restrictions	142,288	39,322
With donor restrictions	1,040	3,202
	<u>143,328</u>	<u>42,524</u>
Total Liabilities and Net Assets	<u>\$ 145,088</u>	<u>\$ 45,575</u>

See accompanying notes and independent accountants' review report

BANDA HEALTH

Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Gift-in-kind services	\$ 149,896	\$ -	\$ 149,896	\$ 75,533	\$ -	\$ 75,533
Contributions	128,828	-	128,828	35,492	19,810	55,302
Other income	213	-	213	272	-	272
Total Support and Revenue	278,937	-	278,937	111,297	19,810	131,107
NET ASSETS RELEASED:						
Purpose restrictions	2,162	(2,162)	-	16,608	(16,608)	-
EXPENSES:						
Program services	157,620	-	157,620	78,280	-	78,280
Supporting activities:						
General and administrative	20,156	-	20,156	34,552	-	34,552
Fund-raising	357	-	357	1,983	-	1,983
	20,513	-	20,513	36,535	-	36,535
Total Expenses	178,133	-	178,133	114,815	-	114,815
Change in Net Assets	102,966	(2,162)	100,804	13,090	3,202	16,292
Net Assets, Beginning of Year	39,322	3,202	42,524	26,232	-	26,232
Net Assets, End of Year	\$ 142,288	\$ 1,040	\$ 143,328	\$ 39,322	\$ 3,202	\$ 42,524

See accompanying notes and independent accountants' review report

BANDA HEALTH

Statements of Cash Flows

	Year Ended December 31,	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 100,804	\$ 16,292
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	(1,190)	1,070
Accounts payable	(1,291)	3,051
Net Cash Provided by Operating Activities	<u>98,323</u>	<u>20,413</u>
Net Change in Cash	98,323	20,413
Cash, Beginning of Year	<u>45,575</u>	<u>25,162</u>
Cash, End of Year	<u>\$ 143,898</u>	<u>\$ 45,575</u>

See accompanying notes and independent accountants' review report

BANDA HEALTH

Notes to Financial Statements

December 31, 2020 and 2019

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.

Thirty-eight 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, 2020 and 2019, 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. As of December 31, 2020 and 2019, all net assets with donor restrictions consisted of amounts restricted for board expenses.

BANDA HEALTH

Notes to Financial Statements

December 31, 2020 and 2019

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 Financial Accounting Standards Board (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, 2020 and 2019, BH received donated services from seconded staff totaling \$149,896 and \$75,533, respectively.

Also during the years ended December 31, 2020 and 2019, respectively, SIM International and its member bodies received support totaling \$70,236 and \$225,190, 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.

ADOPTION OF NEW ACCOUNTING STANDARDS

In 2014, the FASB issued Accounting Standards Update ASU No. 2014-09, *Revenue from Contracts with Customers*. BH adopted the provisions of this new standard during the year ended December 31, 2020. In addition to changes in methodology for revenue recognition, the standard eliminates the transaction and industry specific revenue recognition guidance under current accounting standard generally accepted in the United States of America and replaces it with a principle based approach for determining revenue recognition. This standard did not have a material impact on the presentation of the December 31, 2020 financial statements nor did it affect the change in net assets or net assets in total.

BANDA HEALTH

Notes to Financial Statements

December 31, 2020 and 2019

3. LIQUIDITY AND FUNDS AVAILABLE:

As of December 31, 2020 and 2019, financial assets consist of cash totaling \$143,898 and \$45,575, 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, 2020 and 2019, financial assets available to meet cash needs for general expenditures within one year totaled \$143,898 and \$45,575, respectively. Under the arrangement previously noted as disclosed in Note 2, funds as of December 31, 2020 and 2019 available for the projects on which SIM International and its member bodies and BH partner totaled \$101,182 and \$164,913, respectively.

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, 2020 and 2019.

	For the Year Ended December 31, 2020			
	Program Services	Supporting Activities:		Total
General & Administrative		Fund-raising		
Personnel and labor	\$ 149,896	\$ -	\$ -	\$ 149,896
Professional services	-	15,414	-	15,414
Software project	7,347	-	-	7,347
Board expenses	-	2,162	-	2,162
Office and other expenses	42	1,452	-	1,494
Insurance	-	1,128	-	1,128
Donor development	-	-	357	357
Staff development	335	-	-	335
	<u>\$ 157,620</u>	<u>\$ 20,156</u>	<u>\$ 357</u>	<u>\$ 178,133</u>

BANDA HEALTH

Notes to Financial Statements

December 31, 2020 and 2019

4. FUNCTIONAL EXPENSES, continued:

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

5. RELATED PARTY TRANSACTIONS:

BH receives donations from members of its board of directors. During the years ended December 31, 2020 and 2019, BH received approximately \$15,000 and \$24,000, respectively.

BH also contracts with various related parties for services. BH paid an organization with which it shares board members approximately \$10,000 and \$9,000, during the years ended December 31, 2020 and 2019, respectively. Total amounts paid to other individuals related to the president for contract work performed during the years ended December 31, 2020 and 2019, were approximately \$0 and \$6,000, respectively.

6. SUPPORT AND REVENUE CONCENTRATION:

During the year ended December 31, 2020, BH received contributions from two organizations totaling approximately \$76,000. These gifts accounted for approximately 52% of total support and revenue less gift-in-kind services for the year ended December 31, 2020. No gifts were received from these organizations for the year ended December 31, 2019.

7. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of BH for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

BANDA HEALTH

Notes to Financial Statements

December 31, 2020 and 2019

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 1, 2021, which is the date the financial statements were available to be issued.