



**Consolidated Financial Statements**  
**Clinton Health Access Initiative, Inc.**  
**and Subsidiaries**  
**December 31, 2021 and 2020**



# CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

## *Consolidated Financial Statements*

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## *Independent Auditors' Report*

The Board of Directors  
Clinton Health Access Initiative, Inc.  
Boston, Massachusetts

### ***Opinion***

We have audited the consolidated financial statements of Clinton Health Access Initiative, Inc. and Subsidiaries ("CHAI"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years 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 consolidated financial position of Clinton Health Access Initiative, Inc. and Subsidiaries as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of CHAI 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.

### ***Responsibilities of Management for the Consolidated 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 CHAI's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.



### ***Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with 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 CHAI'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 CHAI'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.

*Maye Hoffman McCann P.C.*

June 2, 2022  
Boston, Massachusetts

**CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES**

***Consolidated Statements of Financial Position***

***December 31, 2021 and 2020***

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 14,615,257	\$ 17,310,119
Cash and cash equivalents limited as to use	108,342,070	92,964,395
Advances and deposits	1,773,519	1,222,518
Grants receivable	5,995,702	3,381,471
Prepaid expenses	1,765,326	1,488,518
Property and equipment	<u>245,053</u>	<u>193,775</u>
<b>Total assets</b>	<b><u>\$ 132,736,927</u></b>	<b><u>\$ 116,560,796</u></b>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 6,313,656	\$ 5,539,686
Accrued expenses	7,538,211	8,192,417
Deferred revenue	<u>106,067,327</u>	<u>92,627,321</u>
<b>Total liabilities</b>	<b><u>119,919,194</u></b>	<b><u>106,359,424</u></b>
Net assets:		
Without donor restrictions	10,542,989	9,864,298
With donor restrictions	<u>2,274,744</u>	<u>337,074</u>
<b>Total net assets</b>	<b><u>12,817,733</u></b>	<b><u>10,201,372</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 132,736,927</u></b>	<b><u>\$ 116,560,796</u></b>

See accompanying notes to the consolidated financial statements.

**CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES**

**Consolidated Statement of Activities**

**Year Ended December 31, 2021  
(with comparative totals for 2020)**

	<b>2021</b>		<b>2020</b>	
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>Revenues and support:</b>				
Contributions	\$ 970,580	\$ 2,111,556	\$ 3,082,136	\$ 789,786
Grants	-	217,227,970	217,227,970	196,994,197
In-kind contributions	1,618,438	-	1,618,438	4,773,269
Other	103,555	21,138	124,693	303,271
Net assets released from restrictions	217,422,994	(217,422,994)	-	-
<b>Total revenues, gains and other support</b>	<b>220,115,567</b>	<b>1,937,670</b>	<b>222,053,237</b>	<b>202,860,523</b>
<b>Expenses:</b>				
Program services	203,267,889	-	203,267,889	186,996,041
Management and general	15,454,340	-	15,454,340	15,909,953
Fundraising	714,647	-	714,647	538,820
<b>Total expenses</b>	<b>219,436,876</b>	<b>-</b>	<b>219,436,876</b>	<b>203,444,814</b>
<b>Change in net assets</b>	<b>678,691</b>	<b>1,937,670</b>	<b>2,616,361</b>	<b>(584,291)</b>
Net assets, beginning of year	9,864,298	337,074	10,201,372	10,785,663
<b>Net assets, end of year</b>	<b>\$ 10,542,989</b>	<b>\$ 2,274,744</b>	<b>\$ 12,817,733</b>	<b>\$ 10,201,372</b>

**CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES**

***Consolidated Statement of Activities***

***Year Ended December 31, 2020***

	<b>2020</b>		
	<b><i>Without Donor Restrictions</i></b>	<b><i>With Donor Restrictions</i></b>	<b><i>Total</i></b>
<b>Revenues and support:</b>			
Contributions	\$ 632,088	\$ 157,698	\$ 789,786
Grants	-	196,994,197	196,994,197
In-kind contributions	4,773,269	-	4,773,269
Other	302,800	471	303,271
Net assets released from restrictions	197,438,202	(197,438,202)	-
<b>Total revenues, gains and other support</b>	<b>203,146,359</b>	<b>(285,836)</b>	<b>202,860,523</b>
<b>Expenses:</b>			
Program services	186,996,041	-	186,996,041
Management and general	15,909,953	-	15,909,953
Fundraising	538,820	-	538,820
<b>Total expenses</b>	<b>203,444,814</b>	<b>-</b>	<b>203,444,814</b>
<b>Change in net assets</b>	<b>(298,455)</b>	<b>(285,836)</b>	<b>(584,291)</b>
Net assets, beginning of year	10,162,753	622,910	10,785,663
<b>Net assets, end of year</b>	<b>\$ 9,864,298</b>	<b>\$ 337,074</b>	<b>\$ 10,201,372</b>

See accompanying notes to the consolidated financial statements.

**CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES**

**Consolidated Statement of Functional Expenses**

Year Ended December 31, 2021  
(with comparative totals for 2020)

	2021							2020			
	Program Services							Management and General	Fundraising	Total	Total
Infectious Diseases	Sexual, Reproductive, Maternal, Newborn and Child Health	Non-Communicable Diseases	Achieving Universal Coverage	Market Shaping	Other Program Services	Total Program Services					
Salaries and benefits	\$ 46,938,908	\$ 20,623,412	\$ 14,759,195	\$ 12,545,737	\$ 2,638,695	\$ 762,232	\$ 98,268,179	\$ 12,651,241	\$ 645,074	\$ 111,564,494	\$ 106,523,741
Subcontracts and bulk program supplies	28,769,096	10,292,222	1,738,841	2,182,968	2,391,712	68,045	45,442,884	73,097	5,483	45,521,464	35,485,249
Travel, meetings and trainings	11,689,534	5,420,196	2,941,381	2,502,853	140,428	145,907	22,840,299	145,100	9,218	22,994,617	20,894,656
Professional and consulting fees	5,154,420	2,438,168	1,391,476	1,196,008	209,056	135,860	10,524,988	1,196,194	39,563	11,760,745	10,661,493
Procurement and shipping	7,900,701	2,199,783	4,853	1,552	63	9,549	10,116,501	-	-	10,116,501	10,606,632
Program equipment and infrastructure	2,405,395	2,115,371	121,542	292,525	-	13,435	4,948,268	7,859	-	4,956,127	4,890,301
In-kind expenses	778,927	684,790	-	-	-	-	1,463,717	154,722	-	1,618,439	4,773,269
Office expenses	2,062,170	970,499	455,642	522,445	94,212	254,974	4,359,942	26,005	10,202	4,396,149	3,913,706
Occupancy costs	968,841	462,452	151,155	325,366	11,309	758,067	2,677,190	591,905	501	3,269,596	3,184,209
Telecom	847,400	304,642	196,738	184,365	33,408	111,656	1,678,209	198,861	4,567	1,881,637	1,611,784
Bank fees and other expenses	601,509	98,225	40,240	60,643	6,068	120,800	927,485	320,954	39	1,248,478	728,858
Depreciation	1,593	301	212	1,294	-	16,827	20,227	88,402	-	108,629	170,916
<b>Total</b>	<b>\$ 108,118,494</b>	<b>\$ 45,610,061</b>	<b>\$ 21,801,275</b>	<b>\$ 19,815,756</b>	<b>\$ 5,524,951</b>	<b>\$ 2,397,352</b>	<b>\$ 203,267,889</b>	<b>\$ 15,454,340</b>	<b>\$ 714,647</b>	<b>\$ 219,436,876</b>	<b>\$ 203,444,814</b>



**CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES**

**Consolidated Statement of Functional Expenses**

Year Ended December 31, 2020

2020

	Program Services						Management and General	Fundraising	Total	
	Infectious Diseases	Sexual, Reproductive, Maternal, Newborn and Child Health	Non-Communicable Diseases	Achieving Universal Coverage	Market Shaping	Other Program Services				Total Program Services
Salaries and benefits	\$ 44,227,780	\$ 21,809,180	\$ 13,402,750	\$ 10,205,994	\$ 2,748,965	\$ 734,583	\$ 93,129,252	\$ 12,924,434	\$ 470,055	\$ 106,523,741
Subcontracts and bulk program supplies	20,394,922	8,970,017	1,237,044	2,952,051	1,812,639	23,992	35,390,665	73,296	21,288	35,485,249
Travel, meetings and trainings	9,521,988	6,715,530	2,178,035	2,062,135	204,414	47,035	20,729,137	159,904	5,615	20,894,656
Professional and consulting fees	4,448,236	2,174,638	1,255,169	1,347,312	148,476	207,925	9,581,756	1,064,658	15,079	10,661,493
Procurement and shipping	6,332,672	4,249,153	4,597	6,589	60	13,021	10,606,092	540	-	10,606,632
Program equipment and infrastructure	1,724,215	2,923,728	27,584	143,024	389	71,263	4,890,203	98	-	4,890,301
In-kind expenses	3,125,074	1,020,230	-	-	-	-	4,145,304	627,965	-	4,773,269
Office expenses	1,683,210	915,241	363,725	396,044	54,095	348,941	3,761,256	136,498	15,952	3,913,706
Occupancy costs	928,131	453,470	154,938	227,122	13,401	866,851	2,643,913	533,775	6,521	3,184,209
Telecom	678,410	314,947	191,687	140,915	35,658	117,009	1,478,626	128,859	4,299	1,611,784
Bank fees and other expenses	311,171	77,041	50,403	28,503	4,590	139,129	610,837	118,010	11	728,858
Depreciation	1,517	3,704	68	59	-	23,652	29,000	141,916	-	170,916
<b>Total</b>	<b>\$ 93,377,326</b>	<b>\$ 49,626,879</b>	<b>\$ 18,866,000</b>	<b>\$ 17,509,748</b>	<b>\$ 5,022,687</b>	<b>\$ 2,593,401</b>	<b>\$ 186,996,041</b>	<b>\$ 15,909,953</b>	<b>\$ 538,820</b>	<b>\$ 203,444,814</b>

# CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

## *Consolidated Statements of Cash Flows*

*Years Ended December 31, 2021 and 2020*

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 2,616,361	\$ (584,291)
Adjustments to reconcile net assets provided by operating activities:		
Depreciation	108,629	170,916
Changes in:		
Advances and deposits	(551,001)	(496,751)
Grants receivable	(2,614,231)	3,791,641
Prepaid expenses	(276,808)	1,063,523
Accounts payable	773,970	(826,532)
Accrued expenses	(654,206)	2,888,416
Deferred revenue	13,440,006	12,712,627
	<b>12,842,720</b>	<b>18,719,549</b>
<b>Cash flows used in investing activities:</b>		
Purchase of property and equipment	(159,907)	(59,467)
	<b>(159,907)</b>	<b>(59,467)</b>
<b>Net change in cash and cash equivalents</b>	<b>12,682,813</b>	<b>18,660,082</b>
Cash and cash equivalents (including amounts limited as to use), beginning of year	110,274,514	91,614,432
	<b>\$ 122,957,327</b>	<b>\$ 110,274,514</b>

# CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

## *Notes to Consolidated Financial Statements*

### **Note 1 - Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

Clinton Health Access Initiative, Inc. ("CHAI") is incorporated in Arkansas as a nonprofit. CHAI was founded in 2002 with the transformational goal of saving the lives of millions of people living with HIV/AIDS. Today, in addition to HIV, CHAI works with partners to prevent and treat malaria, tuberculosis, hepatitis and cancer, accelerate the rollout of lifesaving vaccines, reduce maternal, infant, and child mortality, combat chronic malnutrition and strengthen health systems. CHAI operates in over 35 countries around the world and more than 125 countries have access to CHAI-negotiated deals on medications, diagnostics, vaccines, and other health tools.

The accompanying consolidated financial statements include the assets, liabilities, net assets and financial activities of CHAI and entities established in the countries in which it operates to facilitate on-the-ground service delivery. These entities are, in most cases, under control of CHAI via appointment of members to the board of the local entity along with funding being substantially from CHAI. Certain entities are legally independent, however management has included such entities as consolidated under United States Generally Accepted Accounting Standards. This treatment was determined to be appropriate as CHAI represents the majority funder with CHAI advancing enough resources for immediate needs and/or CHAI being the key funder as well as facilitator of local fundraising efforts for support in-country in collaboration with its worldwide funders. All significant intercompany balances have been eliminated in consolidation.

A summary of the accounting policies consistently applied in the consolidated financial statements follows:

#### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America which require that CHAI report financial information regarding its financial position and activities.

#### ***Classification of Net Assets***

CHAI reports its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CHAI and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions include the investment in property and equipment, net of accumulated depreciation.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. CHAI's donor-imposed restrictions are generally program restricted in nature and thus such resources are reflected as released from restrictions as funds are expended for intended purposes.

# CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

## *Notes to Consolidated Financial Statements*

### ***Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)***

#### ***Cash and Cash Equivalents***

CHAI considers highly liquid debt instruments with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents are stated at cost plus accrued interest. CHAI maintains its cash and cash equivalents at domestic and foreign banks, which have different rules and deposit insurance, and such balances may exceed insured limits. CHAI monitors its exposure associated with its cash and cash equivalents and has not experienced losses on its accounts. Certain cash and cash equivalents are held in interest bearing accounts. Interest bearing accounts are primarily comprised of amounts limited as to use as described below, however some of those funds are for operating purposes.

#### ***Cash and Cash Equivalents Limited as to Use***

Cash and cash equivalents limited as to use reflects the cumulative cash advanced under grant and contribution agreements, net of amounts incurred to date. These accounts follow the same practices as cash and cash equivalents above and are subject to like exposures. Management considers these amounts to be limited as to use in that these resources are only available once future expenses are incurred prior to such funds being available for general corporate purposes.

#### ***Advances and Deposits***

Advances and deposits include travel advances and other receivables from employees for travel and related business expenses as well as various deposits for leased facilities.

#### ***Grants Receivable***

Grants receivable represent amounts due from various parties for costs incurred and unpaid at year end under various grant agreements that provide for the invoicing of costs after costs have been incurred. A major portion of these funds is unbilled at year end given the normal practice to finalize cost prior to invoicing the granting party. CHAI has concluded that no allowance for grants receivable is necessary based on review of the outstanding amounts, historical collection of such amounts and existing economic conditions.

#### ***Prepaid Expenses***

Prepaid expenses include items such as insurance, rent and program supplies and materials purchased in advance. Supplies and materials are reflected as program costs when transferred to a site for local use.

# CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

## *Notes to Consolidated Financial Statements*

### *Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)*

#### *Property and Equipment*

##### *Corporate Property and Equipment*

Property and equipment are capitalized at cost when the useful life is over one year and such amounts exceed a management established capitalization threshold. Property and equipment are depreciated on the straight-line basis over the estimated useful life of each asset.

##### *Program Property and Equipment*

Property and equipment purchased for direct program use are expensed and charged to direct program funds at the time of purchase as a program cost and are reflected in the consolidated statements of functional expenses as program equipment and infrastructure.

#### *Deferred Revenue*

Deferred revenue represents funds received in advance for delivery of program services under grant agreements. Amounts are deferred as they are conditioned on incurring costs for the related program and thus are held until such time as costs have been incurred at which time they will be recorded as grant revenue.

In addition to these advances, CHAI also has conditional promises to receive resources of approximately \$306,613,000 and \$297,370,000 at December 31, 2021 and 2020, respectively, from grantors to fund future service delivery activities. While these amounts are committed, they are not recorded in the financial statements given their conditional nature which includes future evaluation from the donor as to CHAI's satisfactory progress toward mutually agreed-upon objectives as well as the incurring of related costs associated with the funding. Three donors accounted for approximately 72% and 74% of total conditional promises to give at December 31, 2021 and 2020, respectively.

#### *Revenue Recognition*

##### *Grant Revenue*

Support funded by grants is generally considered conditioned until a barrier to entitlement is met which generally relates to costs being incurred for program services in order to recognize amounts as revenue. Accordingly, as CHAI incurs direct programmatic expenses eligible for reimbursement under the grant agreements, revenue is recognized along with amounts allowable for overhead. Invoiced and un-invoiced amounts are recorded in grants receivable as such costs are incurred or, in the case when grants are funded in advance, as a reduction in the associated deferred revenue from such grantor.

Grant revenue is restricted for specific program purposes and as such, is recorded as with donor restrictions upon incurring direct program expenses, along with related overhead. Such amounts are simultaneously released from restriction.

# CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

## *Notes to Consolidated Financial Statements*

### ***Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)***

#### ***Revenue Recognition (Continued)***

##### ***Grant Revenue (Continued)***

In addition, CHAI has a substantial amount of future grant funding, which is conditioned on the occurrence of a specified future and uncertain event to bind the potential donor. This funding is recognized as revenue when the conditions are substantially met and the gift becomes unconditional. In the case of CHAI, that would include the funder continuing to approve funding based on outcomes, as well as incurred costs as indicated above.

##### ***Contribution Revenue***

Gifts of cash and other assets received without donor stipulations are reported as revenue without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue with donor restrictions. Funds with donor restrictions are generally released from restriction into funds without donor restrictions as direct programmatic expenditures are incurred along with amounts allowable for overhead.

##### ***In-Kind Contribution Revenue***

CHAI receives certain donated services from various parties. CHAI recognizes these amounts as revenue and expenses when the recognition criteria are met for recordation at their estimated fair value.

##### ***Other Revenue***

Other revenue primarily relates to interest income associated with cash and cash equivalents. Certain of these funds are required to be used for programmatic purposes.

#### ***Income Tax Status***

CHAI is a nonprofit corporation which has been recognized by the Internal Revenue Service as generally exempt from Federal and State income taxes on its related income under Section 501(c)(3) of the Internal Revenue Code. CHAI similarly operates predominately on an exempt basis when such treatment is available in its various locations of operation in accordance with local laws. Accordingly, income tax disclosures have been excluded given their limited amounts in the consolidated financial statements.

# CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

## *Notes to Consolidated Financial Statements*

### *Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)*

#### *Uncertain Tax Positions*

CHAI accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. CHAI has identified its tax status as a tax exempt entity and its determination of its revenues being related or unrelated as its only significant tax positions and has determined that such tax positions do not result in an uncertainty requiring recognition. CHAI’s U.S. Federal and state income tax returns are generally open for examination for three years following the filing of the related return. CHAI’s foreign tax returns are subject to examination by local government authorities under applicable local law. CHAI is not aware of any material pending tax issues with U.S. or other authorities that would impact recorded amounts in these consolidated financial statements.

#### *Use of Judgments and Estimates*

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Functional Allocation of Expenses*

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail by function. Certain costs have been allocated among the program services, management and general and fundraising categories based on time and effort measurements and other methods.

#### *Translation to United States Dollars*

Assets and liabilities that have a local functional currency are translated to United States Dollars at year-end exchange rates. Property and equipment - net and other nonmonetary assets and liabilities are translated at the approximate exchange rates prevailing when CHAI acquired the assets or liabilities. Transactions are recorded at exchange rates prevailing during the year.

The aggregate foreign currency (loss) gain was approximately \$(170,000) and \$45,000 for the years ended December 31, 2021 and 2020, respectively, and is included in “bank fees and other expenses” on the consolidated statements of functional expenses.

# CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

## *Notes to Consolidated Financial Statements*

### ***Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)***

#### ***Pending Accounting Pronouncements***

CHAI has considered pending accounting pronouncements and views Accounting Standards Update (“ASU”) 2019-01, *Leases*, as a standard expected to have an impact on future presentation. The standard requires a lessee to recognize a right-of-use asset and a lease liability for all leases, initially measured at the present value of the lease payments, in its statement of financial position. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The ASU is effective for fiscal year 2022 for CHAI. CHAI is evaluating the impact of the new guidance on the consolidated financial statements. CHAI considers other pending new standards as not likely to have a material impact.

#### ***Reclassifications***

Certain amounts from the prior year’s financial statements were reclassified in order to conform to the current year’s financial statements.

#### ***Subsequent Events***

CHAI has evaluated subsequent events through June 2, 2022, the date that the consolidated financial statements were authorized to be issued. No events occurred through that date required recognition or disclosure.

### ***Note 2 - Liquidity and Availability***

CHAI regularly monitors liquidity to meet its operating needs and other contractual commitments and has various sources of liquidity at its disposal, including cash and cash equivalents.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, CHAI considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, CHAI seeks to operate with at least a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures. Most funders pay in advance, so CHAI generally has the liquidity to operate and scale operations as needed without reliance on other accumulated resources.



# CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 2 - Liquidity and Availability (Continued)

The following financial assets could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 14,615,257	\$ 17,310,119
Cash and cash equivalents limited as to use	108,342,070	92,964,395
Grants receivable due in one year or less	<u>5,995,702</u>	<u>3,381,471</u>
	<b><u>\$ 128,953,029</u></b>	<b><u>\$ 113,655,985</u></b>

Management has included cash and cash equivalents limited as to use in the above table as such advances will be utilized for core program activities; however, such funds are limited to their intended purposes.

### Note 3 - Property and Equipment

Property and equipment consist of the following at December 31:

	<b>2021</b>	<b>2020</b>
Furniture and equipment	\$ 1,116,135	\$ 952,792
Vehicles	1,309,338	1,312,774
Buildings and fixtures	<u>466,638</u>	<u>466,638</u>
	2,892,111	2,732,204
Less: accumulated depreciation	<u>2,647,058</u>	<u>2,538,429</u>
<b>Property and equipment, net</b>	<b><u>\$ 245,053</u></b>	<b><u>\$ 193,775</u></b>

# CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

## *Notes to Consolidated Financial Statements*

### **Note 4 - Net Assets**

#### ***Net Assets Without Donor Restrictions***

Net assets without donor restrictions consist of the following at December 31:

	<b>2021</b>	<b>2020</b>
Net investment in plant	\$ 245,053	\$ 193,775
Unallocated	<u>10,297,936</u>	<u>9,670,523</u>
<b>Net assets without donor restrictions</b>	<b><u>\$ 10,542,989</u></b>	<b><u>\$ 9,864,298</u></b>

#### ***Net Assets With Donor Restrictions***

Net assets with donor restrictions are for the purpose of international health programs and amounted to \$2,274,744 and \$337,074 as of December 31, 2021 and 2020, respectively.

### **Note 5 - Pension Plans**

Retirement benefits are offered to CHAI employees based on eligibility. An individual must be a full-time contracted employee working a minimum of 1,000 hours per year to be benefits eligible. These benefits are summarized as follows:

- U.S. based staff and U.S. expatriates are eligible to contribute into a 401(k) plan which CHAI matches up to 6% of their eligible compensation.
- Third country nationals are eligible to contribute into a defined contribution pension plan offered by CHAI. CHAI also contributes 6% of eligible compensation for each employee regardless of contribution amount by the employee.
- Local national retirement plans are available in a select number of countries.
- CHAI also contributes to the national social security fund in many of the countries in which it operates as stipulated by local law.

Expenses under the plans were \$4,944,818 and \$4,635,466 for the years ended December 31, 2021 and 2020, respectively.

# CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 6 - Concentrations, Commitments and Contingencies

#### Assets in Foreign Countries

CHAI maintains cash balances and equipment in Asia, Africa, Europe and the Caribbean. CHAI had approximately \$4.3 million and \$4.7 million deposited in foreign banks at December 31, 2021 and 2020, respectively. Certain of these cash balances are exposed to currency risks/variation relative to the U.S. Dollar. In addition, CHAI has property and equipment in various countries purchased with donor funds and used for programmatic purposes that are not capitalized, as well as a modest amount of equipment that was capitalized per CHAI's policy and included in property and equipment, net at December 31, 2021 and 2020.

#### Concentration of Revenue

Four grantors accounted for approximately 62% and 64% of total revenue for the years ended December 31, 2021 and 2020, respectively, with one donor accounting for approximately 31% in those respective years.

Earned revenue was from the following sources for the years ended December 31:

	<b>2021</b>	<b>2020</b>
Government and multilaterals	41%	41%
Private foundations	57%	56%
Other donors	2%	3%
	<hr/>	<hr/>
<b>Total</b>	<b>100%</b>	<b>100%</b>

CHAI country operations are dependent primarily on granted funds, economic conditions and local circumstances. CHAI continues to evaluate these factors on a country-by-country basis to ensure calibration of resources and other circumstances that may impact operations. While the loss of funds would reduce resources available for programs, management believes its near term funding is stable and that it can navigate funding changes should they occur.

#### COVID-19 Pandemic

CHAI's programmatic activities have been impacted by travel restrictions, shelter in place and other limitations with personnel working remotely when practicable. Certain donors have assisted in allowing the redirection of funds for continuing costs and COVID-19 needs in-country based on immediate needs as requested by local governments and other leading parties. The majority of CHAI funds for programs are committed in advance and there has not been any material impact on funding; however, future operations could be impacted by future actions by funders, restrictions over operations in various locations and changes in counterparty credit risk associated with cash and cash equivalents.

# CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 6 - Concentrations, Commitments and Contingencies (Continued)

#### International Operations

CHAI operates in numerous jurisdictions and continually seeks to comply with all local laws and regulations regarding corporate, employee and other matters. Management seeks to effect changes in its practices associated with local laws when such laws are effective.

During 2020, CHAI became aware of certain payroll tax and related withholdings in one of its operating countries that had been paid to its payroll provider and/or their agents but not credited and received by government authorities in 2018, 2019 and 2020. CHAI accrued a loss of \$2.5 million for this in 2020. Management continues to investigate this matter and to pursue recovery of such amounts from its contractors, insurance or other parties that they may be able to make recovery from. CHAI paid approximately \$1.3 million in 2021 to fund amounts owed to payroll tax authorities and has \$1.2 million remaining in accrued expenses at December 31, 2021. CHAI also received \$1 million in 2021 in funding from one of its payroll providers associated with their potential obligation with respect to this matter. This amount was received under a reservation of rights and, as such, any recovery is not being recorded until assured and thus these amounts have been included in accounts payable at December 31, 2021.

During 2021, a similar matter was discovered in another location. An accrued loss of approximately \$830,000 has been made and is included in accrued expenses at December 31, 2021. Management continues to investigate this matter to ensure the accuracy of the recorded amounts as well as to pursue recovery of such amounts from its payroll provider, insurance or other parties that they may be able to make recovery from.

#### Litigation

CHAI is also subject to claims that arise primarily in the ordinary course of its activities. Currently, management is not aware of any such claim or claims that could have a material adverse effect on CHAI's financial position or net assets.

#### Operating Leases

CHAI leases its facilities both domestically and internationally under operating lease agreements which expire at various dates through 2025. Certain leases provide for additional rent for increases associated with underlying operating costs of the premises such as taxes and common area maintenance. Some leases also offer cancellation rights. Rental expense for all operating leases was \$1,552,096 and \$1,105,216 for 2021 and 2020, respectively. Minimum future rental payments under the non-cancelable operating leases for each of the remaining years and in the aggregate are:

2022	\$ 1,916,655
2023	1,131,730
2024	483,598
2025	<u>13,660</u>
<b>Total minimum lease payments</b>	<b><u>\$ 3,545,643</u></b>