



Consolidated Financial Statements
Clinton Health Access Initiative, Inc.
and Subsidiaries

December 31, 2023 and 2022

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

Consolidated Financial Statements

Table of Contents

Consolidated Financial Statements:

Independent Auditors' Report	1-2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4-5
Consolidated Statements of Functional Expenses	6-7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9-18



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, 2023 and 2022, 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 CHAI as of December 31, 2023 and 2022, 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.

CBIZ CPAs P.C.¹

August 21, 2024
Boston, Massachusetts

¹ In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents including donor restricted amounts	\$ 133,235,609	\$ 118,141,913
Advances and deposits	4,256,444	3,316,876
Grants receivable	19,691,121	14,268,881
Prepaid expenses	2,100,893	3,003,062
Operating lease right-of-use asset	1,102,280	1,359,225
Property and equipment	350,142	284,832
	\$ 160,736,489	\$ 140,374,789
	\$ 160,736,489	\$ 140,374,789
Liabilities and Net Assets		
Accounts payable	\$ 6,154,009	\$ 6,230,023
Accrued expenses and other liabilities	10,007,214	8,299,189
Operating lease liability	1,021,468	1,275,666
Deferred revenue	132,526,959	112,593,086
	149,709,650	128,397,964
	149,709,650	128,397,964
Net assets:		
Without donor restrictions	9,868,754	9,712,264
With donor restrictions	1,158,085	2,264,561
	11,026,839	11,976,825
	11,026,839	11,976,825
Total net assets	11,026,839	11,976,825
Total liabilities and net assets	\$ 160,736,489	\$ 140,374,789

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

*Year Ended December 31, 2023
(with comparative totals for 2022)*

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and support:				
Contributions	\$ 576,277	\$ 200,000	\$ 776,277	\$ 2,525,948
Grants	-	220,494,313	220,494,313	222,111,765
Contributions of nonfinancial assets	454,167	-	454,167	1,734,187
Interest and other income	968,469	2,414,241	3,382,710	450,728
Net assets released from restrictions	224,215,030	(224,215,030)	-	-
Total revenues, gains and other support	226,213,943	(1,106,476)	225,107,467	226,822,628
Expenses:				
Program services	209,512,856	-	209,512,856	210,435,557
Management and general	15,915,979	-	15,915,979	16,662,696
Fundraising	628,618	-	628,618	565,283
Total expenses	226,057,453	-	226,057,453	227,663,536
Change in net assets	156,490	(1,106,476)	(949,986)	(840,908)
Net assets, beginning of year	9,712,264	2,264,561	11,976,825	12,817,733
Net assets, end of year	\$ 9,868,754	\$ 1,158,085	\$ 11,026,839	\$ 11,976,825

See accompanying notes to the consolidated financial statements.

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended December 31, 2022

	2022		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Revenues and support:			
Contributions	\$ 629,699	\$ 1,896,249	\$ 2,525,948
Grants	-	222,111,765	222,111,765
Contributions of nonfinancial assets	1,734,187	-	1,734,187
Interest and other income	447,473	3,255	450,728
Net assets released from restrictions	224,021,452	(224,021,452)	-
	<u>226,832,811</u>	<u>(10,183)</u>	<u>226,822,628</u>
Total revenues, gains and other support			
Expenses:			
Program services	210,435,557	-	210,435,557
Management and general	16,662,696	-	16,662,696
Fundraising	565,283	-	565,283
	<u>227,663,536</u>	<u>-</u>	<u>227,663,536</u>
Total expenses			
Change in net assets	(830,725)	(10,183)	(840,908)
Net assets, beginning of year	10,542,989	2,274,744	12,817,733
Net assets, end of year	<u>\$ 9,712,264</u>	<u>\$ 2,264,561</u>	<u>\$ 11,976,825</u>

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended December 31, 2023
(with comparative totals for 2022)

	2023							2022				
	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	Innovation	Other Program Services					Total Program Services
Salaries and benefits	\$ 48,005,426	\$ 12,808,680	\$ 18,762,765	\$ 15,121,685	\$ 1,011,268	\$ 1,960,783	\$ 3,276,112	\$ 100,946,719	\$ 11,783,228	\$ 540,067	\$ 113,270,014	\$ 112,812,016
Procurement, subcontracts and program supplies	27,858,767	11,492,295	3,929,426	3,291,047	2,652,373	243,222	219,595	49,686,725	160,597	11,140	49,858,462	48,176,354
Travel, meetings and trainings	13,297,250	3,507,505	5,346,738	4,362,882	88,675	153,602	422,220	27,178,872	579,759	42,009	27,800,640	33,775,383
Professional and consulting fees	7,170,879	1,293,267	1,941,033	2,699,999	502,173	644,727	431,697	14,683,775	986,349	15,419	15,685,543	14,952,643
Program equipment and infrastructure	6,351,220	177,851	202,977	275,480	-	19	3,382	7,010,929	383	-	7,011,312	4,916,016
In-kind expenses	-	-	-	-	-	-	-	-	454,167	-	454,167	1,734,187
Office expenses	2,213,711	511,998	805,905	678,921	13,180	32,575	498,414	4,754,704	518,015	11,895	5,284,614	5,246,744
Occupancy costs	955,563	253,428	515,975	405,456	941	80,283	666,621	2,878,267	615,263	-	3,493,530	3,111,576
Telecom	719,711	129,307	215,023	182,246	12,230	12,058	136,086	1,406,661	87,938	5,329	1,499,928	1,791,462
Bank fees and other expenses	431,119	58,520	69,334	97,127	2,016	13,739	146,944	818,799	665,259	2,759	1,486,817	957,512
Carbon offsetting	85,496	-	-	20,113	-	-	-	105,609	-	-	105,609	113,053
Depreciation	7,092	680	1,319	3,149	-	-	29,556	41,796	65,021	-	106,817	76,590
Total	\$ 107,096,234	\$ 30,233,531	\$ 31,790,495	\$ 27,138,105	\$ 4,282,856	\$ 3,141,008	\$ 5,830,627	\$ 209,512,856	\$ 15,915,979	\$ 628,618	\$ 226,057,453	\$ 227,663,536

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

	2022										
	Program Services						Other Program Services	Total Program Services	Management and General	Fundraising	Total
Infectious Diseases	Sexual, Reproductive, Maternal, Newborn and Child Health	Non-Communicable Diseases	Achieving Universal Coverage	Market Shaping	Innovation						
Salaries and benefits	\$ 51,045,104	\$ 13,011,179	\$ 18,030,680	\$ 13,647,061	\$ 940,815	\$ 220,176	\$ 2,091,655	\$ 98,986,670	\$ 13,338,477	\$ 486,869	\$ 112,812,016
Procurement, subcontracts and program supplies	28,206,139	9,640,860	6,670,771	1,900,592	1,200,003	6,006	449,797	48,074,168	71,694	30,492	48,176,354
Travel, meetings and trainings	17,935,538	5,188,882	5,623,621	3,949,854	51,572	13,762	451,318	33,214,547	540,614	20,222	33,775,383
Professional and consulting fees	7,453,494	1,471,190	2,125,831	1,532,129	321,188	80,148	571,691	13,555,671	1,385,785	11,187	14,952,643
Program equipment and infrastructure	3,366,342	254,843	903,995	383,474	-	-	7,103	4,915,757	259	-	4,916,016
In-kind expenses	715,986	816,671	-	-	-	-	-	1,532,657	201,530	-	1,734,187
Office expenses	2,160,441	657,580	861,764	638,658	14,107	4,225	618,830	4,955,605	278,224	12,915	5,246,744
Occupancy costs	929,387	293,901	199,525	389,735	16	32	714,711	2,527,307	584,269	-	3,111,576
Telecom	851,108	194,200	230,756	229,716	10,728	1,655	133,976	1,652,139	135,853	3,470	1,791,462
Bank fees and other expenses	518,134	75,723	78,564	96,512	2,882	3,510	108,806	884,131	73,354	27	957,512
Carbon offsetting	90,701	5,079	-	17,172	-	-	-	112,952	-	101	113,053
Depreciation	3,242	409	1,089	4,538	-	-	14,675	23,953	52,637	-	76,590
Total	\$ 113,275,616	\$ 31,610,517	\$ 34,726,596	\$ 22,789,441	\$ 2,541,311	\$ 329,514	\$ 5,162,562	\$ 210,435,557	\$ 16,662,696	\$ 565,283	\$ 227,663,536

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (949,986)	\$ (840,908)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	106,817	76,590
Noncash operating lease expense	(254,198)	(909,846)
Changes in:		
Advances and deposits	(939,568)	(1,543,357)
Grants receivable	(5,422,240)	(8,273,179)
Prepaid expenses	902,169	(1,237,736)
Accounts payable	(76,014)	(83,633)
Accrued expenses	1,708,025	760,978
Operating lease liabilities	256,945	826,287
Deferred revenue	19,933,873	6,525,759
	15,265,823	(4,699,045)
Cash flows used in investing activities:		
Purchase of property and equipment	(172,127)	(116,369)
	(172,127)	(116,369)
Net change in cash and cash equivalents including donor restricted amounts	15,093,696	(4,815,414)
Cash and cash equivalents including donor restricted amounts, beginning of year	118,141,913	122,957,327
	\$ 133,235,609	\$ 118,141,913

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 Including Donor Restricted Amounts

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 deposits are concentrated with its main depository institution. Of CHAI's total cash and cash equivalents, about 70% of such funds are in a diversified short-term mutual fund type instrument available through that institution. There are also substantial cash balances held in India. CHAI monitors its exposure associated with its cash and cash equivalents and has not experienced losses on its accounts.

CHAI seeks to have as much of its cash and cash equivalents held in interest bearing or other lower risk type accounts with earned amounts generally being required to be held for the related purposes associated with the source of the funds subject to donor instructions within the restricted accounts as described below.

Donor restricted amounts included in cash and cash equivalents 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. One party represented over 30% of the grant receivable balance as of December 31, 2023. 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.

Leases

CHAI leases office space under operating lease arrangements through 2027 for which expense is recognized on a straight-line basis over the lease term.

Right-of-use (ROU) assets represent CHAI's right to use an underlying asset for the lease term and lease liabilities represent CHAI's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As CHAI's leases do not provide an implicit rate, CHAI uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments.

CHAI has included in its computations of its ROU assets and related obligations operating costs the base rent agreement of its office space as a single component as permitted under lease accounting standards. These costs are adjusted periodically based on actual period costs and are charged to lease expense as incurred. Lease expense was approximately \$1,092,000 and \$1,012,000 for the years ended December 31, 2023 and 2022, respectively.

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 \$275,606,000 and \$295,388,000 at December 31, 2023 and 2022, respectively, from grantors to fund future service delivery activities. While these amounts are committed, they are not recorded in the consolidated 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. Four donors accounted for approximately 57% and 64% of total conditional promises to give at December 31, 2023 and 2022, respectively.

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

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 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.

In addition, CHAI has a substantial amount of future grant funding as indicated in the deferred revenue note 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.

Contributions of Nonfinancial Assets

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.

Interest Income and Other

Interest income and other primarily relates to interest income associated with cash and cash equivalents. These funds are generally 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 was approximately \$26,000 and \$78,000 for the years ended December 31, 2023 and 2022, respectively, and is included in “bank fees and other expenses” on the consolidated statements of functional expenses.

Subsequent Events

CHAI has evaluated subsequent events through August 21, 2024, the date that the consolidated financial statements were authorized to be issued. No events occurred through that date required recognition or disclosure.

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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.

The following financial assets could readily be made available within one year of year end to meet general expenditures:

	2023	2022
Cash and cash equivalents including donor restricted amounts	\$ 133,235,609	\$ 118,141,913
Grants receivable due in one year or less	<u>19,691,121</u>	<u>14,268,881</u>
	<u>\$ 152,926,730</u>	<u>\$ 132,410,794</u>

Management has included donor restricted cash and cash equivalents 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:

	2023	2022
Furniture and equipment	\$ 1,286,986	\$ 1,129,499
Vehicles	1,431,895	1,412,343
Buildings and fixtures	<u>466,638</u>	<u>466,638</u>
	3,185,519	3,008,480
Less: accumulated depreciation	<u>2,835,377</u>	<u>2,723,648</u>
Property and equipment, net	<u>\$ 350,142</u>	<u>\$ 284,832</u>

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 4 - Leases

CHAI routinely utilizes month to month and other short-term leasing strategies associated with its international operations. This helps to manage the risk associated with long-term fixed lease commitments, as well as allow for better matching of these costs to the near-term funding commitments that CHAI has available. As such, many of CHAI's leases do not result in a right-of-use asset or a related obligation with such costs being charged to operations as incurred.

Leasing information for operating leases is as follows for the year ended December 31, 2023:

	Operating Lease Right-of-Use Asset	Operating Lease Liability
Balance, January 1, 2023	\$ 1,359,225	\$ 1,275,666
Right-of-use assets obtained in exchange for operating lease liabilities during the year	622,700	625,700
Lease expense related to right-of-use asset	(879,645)	-
Principal portion of operating lease liability payments	<u>-</u>	<u>(879,898)</u>
Balance, December 31, 2023	<u>\$ 1,102,280</u>	<u>\$ 1,021,468</u>

The approximate annual minimum non-cancelable rental payments under operating leases for the years ending December 31 are as follows:

2024	\$ 711,717
2025	243,643
2026	83,817
2027	<u>21,569</u>
Total future minimum lease payments	1,060,746
Less imputed interest	<u>(39,278)</u>
Total	<u>\$ 1,021,468</u>

Management considers other disclosures associated with its leasing activities including prior year data as not significant given its relative consistency with current year amounts.

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 5 - Net Assets

Net Assets Without Donor Restrictions

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

	2023	2022
Net investment in plant	\$ 350,142	\$ 284,832
Unallocated	<u>10,625,088</u>	<u>9,427,432</u>
Net assets without donor restrictions	<u>\$ 10,975,230</u>	<u>\$ 9,712,264</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions are for the purpose of international health programs and amounted to \$1,158,085 and \$2,264,561 as of December 31, 2023 and 2022, respectively.

Note 6 - Contributions of Nonfinancial Assets

Contributed nonfinancial assets recognized within the consolidated statements of activities included the following for the years ended December 31:

	2023	2022
Medical supplies	\$ -	\$ 40,686
Professional services	<u>454,167</u>	<u>1,693,501</u>
	<u>\$ 454,167</u>	<u>\$ 1,734,187</u>

Professional services recognized are comprised of legal fees from attorneys advising CHAI on various administrative legal matters, as well as volunteer time for employees from other organizations whose time is donated to CHAI. These services are valued and reported at the estimated fair value in the consolidated financial statements based on current rates for similar services.

Contributed medical supplies were utilized for CHAI's direct service programs for infectious diseases and sexual, reproductive, maternal, newborn and child health. CHAI estimated the fair value based on estimates of wholesale values that would be received for selling similar products in the United States.

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 7 - 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 with CHAI matching 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 funds in many of the countries in which it operates as stipulated by local law.

Expenses under the plans were \$4,786,909 and \$4,800,656 for the years ended December 31, 2023 and 2022, respectively.

Note 8 - Concentrations and Contingencies

Assets in Foreign Countries

CHAI maintains cash balances and equipment in Asia, Africa, Europe and the Caribbean. CHAI had approximately \$9.1 million and \$6.7 million deposited in foreign banks at December 31, 2023 and 2022, respectively. The majority of these amounts are exposed to currency risks/variation relative to the U.S. Dollar.

CHAI also 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, 2023 and 2022.

Concentration of Revenue

Four grantors accounted for approximately 57% and 63% of total revenue for the years ended December 31, 2023 and 2022, respectively, with one donor accounting for approximately 29% and 30% in those respective years.

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 8 - Concentrations and Contingencies (Continued)

Concentration of Revenue (Continued)

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

	2023	2022
Government and multilaterals	41%	46%
Private foundations	55%	51%
Other donors	4%	3%
	<hr/>	<hr/>
Total	<u>100%</u>	<u>100%</u>

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.

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.

From time to time, CHAI has discovered various matters with respect to payroll taxes and related remittances in a select number of its operating locations. These matters have resulted in net charges of \$0 and \$568,000 during 2023 and 2022, respectively.

Litigation

CHAI is 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.