

**AMREF HEALTH AFRICA, INC.  
(UNITED STATES)**

***FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

**SEPTEMBER 30, 2021**

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**Board of Directors**  
**AMREF Health Africa, Inc.**  
**(United States)**  
**New York, New York**

We have audited the accompanying financial statements of AMREF Health Africa (United States) (“*AMREF*”), formerly known as African Medical & Research Foundation, Inc. (United States), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and changes in net assets, and of cash flows for the year then ended, and the related notes to the financial statements.

**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.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMREF Health Africa (United States) as of September 30, 2021, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Board of Directors  
AMREF Health Africa, Inc.  
(United States)**

**Report on Summarized Comparative Information**

We have previously audited AMREF's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
February 15, 2022**

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

**STATEMENTS OF FINANCIAL POSITION**

September 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,004,678	\$1,117,101
Investments <i>(Note 2)</i>	2,096,162	1,641,440
Grants receivable		
U.S. Government	15,789	174,864
Other	41,048	288,722
Note receivable <i>(Note 3)</i>	83,891	418,309
Advance to AMREF Africa	7,927,272	-
Prepaid expenses and other assets	66,186	30,815
Furniture and equipment, net of accumulated depreciation of \$185,999 and \$177,463	7,692	16,528
Security deposit <i>(Note 7)</i>	<u>62,825</u>	<u>62,825</u>
<b>Total assets</b>	<b><u>\$11,305,543</u></b>	<b><u>\$3,750,604</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 104,741	\$ 18,134
Due to AMREF/Kenya	543,237	167,300
Deferred revenue	7,000	-
Deferred rent <i>(Note 7)</i>	86,816	79,756
Refundable advance <i>(Note 8)</i>	<u>-</u>	<u>211,683</u>
<b>Total liabilities</b>	<b><u>741,794</u></b>	<b><u>476,873</u></b>
<b>Net Assets</b>		
Without donor restrictions	2,544,829	2,194,342
With donor restrictions <i>(Note 6)</i>	<u>8,018,920</u>	<u>1,079,389</u>
<b>Total net assets</b>	<b><u>10,563,749</u></b>	<b><u>3,273,731</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$11,305,543</u></b>	<b><u>\$3,750,604</u></b>

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Years Ended September 30, 2021 And Summarized Information For 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
<b>Support and Revenues</b>				
Federal awards	\$ 658,107	\$ -	\$ 658,107	\$ 2,636,938
Foundations, corporate grants and individual donations	12,800,307	8,483,643	21,283,950	4,894,159
PPP grant revenue	426,019	-	426,019	-
Special events	153,126	-	153,126	22,737
Other income	37,321	-	37,321	58,023
Interest and dividend income	32,441	-	32,441	31,973
Released from restriction <i>(Note 6)</i>	<u>1,544,112</u>	<u>(1,544,112)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenues</b>	<u>15,651,433</u>	<u>6,939,531</u>	<u>22,590,964</u>	<u>7,643,830</u>
<b>Expenses</b>				
<b>Program Services</b>				
Health training, education and primary care	10,627,820	-	10,627,820	3,979,454
Clinical services	2,067,121	-	2,067,121	2,149,657
Evaluation and operations research	<u>1,557,666</u>	<u>-</u>	<u>1,557,666</u>	<u>138,239</u>
<b>Total program services</b>	<u>14,252,607</u>	<u>-</u>	<u>14,252,607</u>	<u>6,267,350</u>
<b>Supporting Services</b>				
Management and general	544,365	-	544,365	791,359
Fund raising	<u>740,933</u>	<u>-</u>	<u>740,933</u>	<u>720,914</u>
<b>Total supporting services</b>	<u>1,285,298</u>	<u>-</u>	<u>1,285,298</u>	<u>1,512,273</u>
<b>Total expenses</b>	<u>15,537,905</u>	<u>-</u>	<u>15,537,905</u>	<u>7,779,623</u>
<b>Excess (deficit) of operating revenues over expenses</b>	113,528	6,939,531	7,053,059	(135,793)
<b>Other Changes</b>				
Realized and unrealized net gains	<u>236,959</u>	<u>-</u>	<u>236,959</u>	<u>57,940</u>
<b>Change in net assets</b>	350,487	6,939,531	7,290,018	(77,853)
<b>Net Assets</b>				
Beginning of year	<u>2,194,342</u>	<u>1,079,389</u>	<u>3,273,731</u>	<u>3,351,584</u>
End of year	<u>\$ 2,544,829</u>	<u>\$ 8,018,920</u>	<u>\$ 10,563,749</u>	<u>\$ 3,273,731</u>

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended September 30, 2021 With Summarized Information For 2020

	<u>Program Services</u>				<u>Supporting Services</u>		<u>Totals</u>	
	<u>Health Training, Education And Training</u>	<u>Clinical Services</u>	<u>Educational And Operations Research</u>	<u>Total</u>	<u>Management And General</u>	<u>Fund Raising</u>	<u>2021</u>	<u>2020</u>
<b>Grants:</b>								
Awards to AMREF-Kenya	\$ 10,280,522	\$ 1,989,449	\$ 1,406,702	\$ 13,676,673	\$ -	\$ -	\$ 13,676,673	\$ 5,507,616
Other program grants	64,572	-	64,572	129,144	-	-	129,144	432,212
<b>Total grants</b>	<u>10,345,094</u>	<u>1,989,449</u>	<u>1,471,274</u>	<u>13,805,817</u>	<u>-</u>	<u>-</u>	<u>13,805,817</u>	<u>5,939,828</u>
<b>Other Expenses:</b>								
Salaries, payroll taxes and related benefits	219,245	65,039	36,037	320,321	392,989	404,360	1,117,670	1,315,866
Professional fees and services	-	-	-	-	45,750	-	45,750	23,250
Consultants	20,627	-	43,355	63,982	11,447	48,260	123,689	95,395
Travel	-	-	-	-	2,648	-	2,648	30,141
Memberships and registration fees	-	-	-	-	9,000	9,181	18,181	16,149
Occupancy	30,326	8,996	4,985	44,307	54,359	55,932	154,598	156,615
Insurance	1,033	307	170	1,510	1,852	1,906	5,268	6,160
Telecommunications	-	-	-	-	-	10,787	10,787	10,721
Postage and shipping	-	-	-	-	-	3,715	3,715	4,045
Direct mail	-	-	-	-	-	85,310	85,310	53,879
Special events	-	-	-	-	-	56,291	56,291	15,662
Equipment maintenance	409	121	67	597	3,969	24,958	29,524	19,232
Public relations	-	-	-	-	-	695	695	1,282
Miscellaneous	9,353	2,695	1,493	13,541	19,244	36,341	69,126	76,326
<b>Total other expenses</b>	<u>280,993</u>	<u>77,158</u>	<u>86,107</u>	<u>444,258</u>	<u>541,258</u>	<u>737,736</u>	<u>1,723,252</u>	<u>1,824,723</u>
<b>Total expenses before depreciation and amortization</b>	10,626,087	2,066,607	1,557,381	14,250,075	541,258	737,736	15,529,069	7,764,551
<b>Depreciation and Amortization</b>	<u>1,733</u>	<u>514</u>	<u>285</u>	<u>2,532</u>	<u>3,107</u>	<u>3,197</u>	<u>8,836</u>	<u>15,072</u>
<b>Total Expenses – 2021</b>	<u>\$ 10,627,820</u>	<u>\$ 2,067,121</u>	<u>\$ 1,557,666</u>	<u>\$ 14,252,607</u>	<u>\$ 544,365</u>	<u>\$ 740,933</u>	<u>\$ 15,537,905</u>	
<b>Total Expenses – 2020</b>	<u>\$ 3,979,454</u>	<u>\$ 2,149,657</u>	<u>\$ 138,239</u>	<u>\$ 6,267,350</u>	<u>\$ 791,359</u>	<u>\$ 720,914</u>		<u>\$ 7,779,623</u>

See accompanying notes to financial statements.

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

**STATEMENTS OF CASH FLOWS**

For The Years Ended September 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 7,290,018	\$ (77,853)
<i>Adjustments to reconcile change in net assets to net cash used for operating activities</i>		
Depreciation	8,836	15,071
Realized/unrealized gains on investments	(236,959)	(57,940)
(Increase) decrease in		
Grants receivable		
U.S. Government	159,075	300,988
Other	247,674	(218,435)
Advance to AMREF Africa	(7,927,272)	-
Prepaid expenses and other assets	(35,371)	26,708
(Decrease) increase in		
Accounts payable	86,607	(77,271)
Due to AMREF/Kenya	375,937	(154,108)
Deferred revenue	7,000	-
Deferred rent	7,060	10,013
Refundable advance	<u>(211,683)</u>	<u>211,683</u>
<b>Net cash used for operating activities</b>	<u>(229,078)</u>	<u>(21,144)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in short-term investments	(4,863)	(34,769)
Purchases of investments	(212,900)	(341,390)
Proceeds from sale of investments	-	139,537
Purchase of equipment	<u>-</u>	<u>(10,329)</u>
<b>Net cash used for investing activities</b>	<u>(217,763)</u>	<u>(246,951)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of note receivable	<u>334,418</u>	<u>154,581</u>
<b>Net cash provided by financing activities</b>	<u>334,418</u>	<u>154,581</u>
<b>Net decrease in cash</b>	(112,423)	(113,514)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>1,117,101</u>	<u>1,230,615</u>
<b>End of year</b>	<u>\$ 1,004,678</u>	<u>\$ 1,117,101</u>



**AMREF HEALTH AFRICA, INC.  
(UNITED STATES)**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2021 And 2020

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**(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***ORGANIZATION***

AMREF Health Africa (United States) (“**AMREF**”), formerly known as African Medical & Research Foundation, Inc. (United States), is a non-profit organization chartered by the State of New York in 1957 and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. AMREF supports a variety of health programs in Sub-Saharan Africa. Programs include: health training, education, primary care, clinical services, evaluation and operations research. AMREF provides financial support to its affiliate, AMREF Health Africa (Kenya), for use in its programs.

***ACCOUNTING ESTIMATES***

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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***CONCENTRATION OF MARKET AND CREDIT RISK***

AMREF occasionally maintains deposits in financial institutions in excess of federally insured limits. Accounting Standards Codification (“**ASC**”) 825, “**Financial Instruments**”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

Market risk represents the potential loss AMREF faces due to the decrease in the value of marketable securities. Credit risk represents the potential loss AMREF faces due to the possible nonperformance by obligors and counterparts of the terms of their contracts. Market risk is contained by limiting investments in marketable securities to certificates of deposit, balanced and equity mutual funds and money markets.

***CASH AND CASH EQUIVALENTS***

AMREF considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

***INVESTMENTS***

Investments in debt and equity securities with readily determinable fair market values are reported at fair market values with realized and unrealized gains and losses included in the statement of activities.

***FIXED ASSETS***

Fixed assets are recorded at cost. Major additions and improvements are capitalized, while maintenance and repairs are expensed when incurred. AMREF provides depreciation on furniture, fixtures and equipment by the straight-line method at rates calculated using the estimated useful lives of the respective depreciable assets, generally three to five years.

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

***NOTES TO FINANCIAL STATEMENTS – (Continued)***

**September 30, 2021 And 2020**

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***REVENUE RECOGNITION***

AMREF recognizes contributions when cash, securities or other assets, and unconditional promise to give, or a notification of a beneficial interest is received. Conditional contributions, including government grants, include donor-imposed conditions with one or more barriers that must be overcome before AMREF is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. AMREF recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as “***net assets released from restrictions.***” AMREF records unconditional promises to give (pledges) as a receivable and revenue in the year pledged.

AMREF receives grant awards from the U.S. Government under various contracts. AMREF records revenues under these contracts as expenses are incurred. Funds received in advance of expenses incurred are reported as deferred revenue.

***NET ASSETS***

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of AMREF are classified and reported as follows:

***Without donor restrictions*** – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary mission of AMREF.

***With donor restrictions*** – Net assets subject to donor-imposed restrictions that will be met either by actions of AMREF or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions of net assets with donor restrictions are reported as net assets released from restriction.

***INCOME TAX STATUS***

AMREF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “***Code***”), and has been classified as an organization, which is not a private foundation under Section 509(a) of the Code.

Management has reviewed the tax positions for each of the open tax years (2018 – 2020) or expected to be taken in AMREF’s 2021 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

***FUNCTIONAL ALLOCATION OF EXPENSES***

The costs of providing the various programs and supporting services have been summarized on the consolidated statement of activities and changes in net assets on a functional basis. Most expenses can be directly allocated to programs or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. The expenses in these categories include occupancy, depreciation, office expenses, insurance, salaries and wages of support personnel and require allocation on a reasonable basis that is consistently applied. The allocation of expenses is based on allocation factors such as direct cost, level of effort and other factors as determined by management.

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

September 30, 2021 And 2020

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***PRIOR YEAR INFORMATION***

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with AMREF's audited financial statements for the year ended September 30, 2019, from which the summarized information was derived.

***RECENT ACCOUNTING PRONOUNCEMENTS - ADOPTED***

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 was adopted by AMREF as of October 1, 2020 and such adoption did not have a material effect on the financial statements as revenue received by AMREF is recorded under the contribution principle.

***NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED***

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The FASB issued ASU 2020-05 in June of 2020 that deferred the effective date of ASU 2016-02 by a year thus the effective date is for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. AMREF plans to adopt the new ASU at the required implementation date.

**(2) INVESTMENTS**

The following is a summary of AMREF's investments at September 30, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money Market Funds	\$ 130,612	\$ 130,612	\$ 125,749	\$ 125,749
Common Stock	5,439	5,439	-	-
Mutual Funds				
Equity	1,023,255	1,332,750	886,219	942,034
Bond	<u>610,711</u>	<u>627,361</u>	<u>540,286</u>	<u>573,657</u>
<b>Total</b>	<b><u>\$1,770,017</u></b>	<b><u>\$2,096,162</u></b>	<b><u>\$1,552,254</u></b>	<b><u>\$1,641,440</u></b>

At September 30, 2021 and 2020, unrealized gains were \$326,145 and \$89,186, respectively.

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**September 30, 2021 And 2020**

The following summarizes the investment return for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest income	\$ 32,441	\$ 31,973
Realized gains	-	12,904
Unrealized gains (losses)	<u>236,959</u>	<u>45,036</u>
Total investment income – investments	<u>\$269,400</u>	<u>\$ 89,913</u>

AMREF utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that AMREF has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an active market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing AMREF’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value AMREF’s investments as of September 30, 2021 and 2020 are as follows:

	<u>2021</u>			
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
<b>Investments</b>				
Money Market Funds	\$ 130,612	\$ 130,612	\$ -	\$ -
Common Stock	5,439	5,439	-	-
Mutual Funds				
Equity	1,332,750	1,332,750	-	-
Bond	<u>627,361</u>	<u>627,361</u>	<u>-</u>	<u>-</u>
	<u>\$2,096,162</u>	<u>\$2,096,162</u>	<u>\$ -</u>	<u>\$ -</u>

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

September 30, 2021 And 2020

	2020			
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
<b>Investments</b>				
Money Market Funds	\$ 125,749	\$ 125,749	\$ -	\$ -
Mutual Funds				
Equity	942,034	942,034	-	-
Bond	<u>573,657</u>	<u>573,657</u>	<u>-</u>	<u>-</u>
	<u>\$1,641,440</u>	<u>\$1,641,440</u>	<u>\$ -</u>	<u>\$ -</u>

**(3) LOAN RECEIVABLE**

In December 2018, AMREF signed an agreement to loan funds to AMREF Health Africa (Kenya). The \$750,000 loan has an interest rate of 5%, with ten monthly payments of \$22,478 and twenty monthly payments of \$28,865, plus interest that runs through December 2021. The change in the monthly payments reflects a six-month suspension of payments made to AMREF from November 2019 through April 2020, but allowing the loan to mature on the original, agreed upon date. As of September 30, 2021 and 2020, the loan receivable was \$83,891 and \$418,309, respectively.

**(4) ADAVANCES TO AMREF AFRICA**

In August 2021, AMREF received a grant totaling \$8 million to increase access to an uptake of COVID-19 vaccines in four African countries. The proceeds of the grant were sent to AMREF Health Africa (Kenya), net of administrative fees, in September 2021. As program implementation had not yet taken place as of September 30, 2021, the funds sent to AMREF Health Africa (Kenya) are recorded as an advance to AMREF Africa on the statement of financial position.

**(5) PENSION PLAN**

AMREF has a plan qualified under Section 403(b) that covers all eligible employees. Contributions to the plan are made at the discretion of the Board of Directors and are limited to 7% of the employee's annual salary.

During the years ended September 30, 2021 and 2020, AMREF made contributions of approximately \$56,000 and \$42,000, respectively.

**AMREF HEALTH AFRICA, INC.**  
**(UNITED STATES)**

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

September 30, 2021 And 2020

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**(6) NET ASSETS**

Net assets were subject to the following restrictions as of September 30, 2021 and 2020:

***SUBJECT TO EXPENDITURE FOR SPECIAL PURPOSE***

	<u>2021</u>	<u>2020</u>
COVID-19 Vaccination Access	\$ 8,000,000	\$ -
Youth in Action – Kenya	<u>18,920</u>	<u>1,079,389</u>
	<u>\$ 8,018,920</u>	<u>\$ 1,079,389</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes in the amount of \$1,544,112 for the year ended September 30, 2021.

**(7) COMMITMENTS AND CONTINGENCIES**

***LEASE COMMITMENTS***

AMREF has a lease for its New York office under a noncancelable lease which runs from October 15, 2017 through February 15, 2028. Under the lease, AMREF received four months of free rent, and as such, rental payments required under this lease will be reported as rent expense on a straight-line basis over the term of the lease. Deferred rent for 2021 and 2020 was \$86,816 and \$79,756, respectively. Total rent expense for 2021 and 2020 was approximately \$151,000 and \$153,000, respectively.

Future minimum rental commitments under this lease are as follows:

<u>Year Ended September 30:</u>	<u>Amount</u>
2022	\$ 137,200
2023	150,200
2024	154,000
2025	157,400
2026	161,000
2027 and thereafter	<u>227,600</u>
	<u>\$ 987,400</u>

AMREF has a irrevocable standby letter of credit in favor of the lessor in the amount of \$62,825. A separate bank account has been established to segregate the security deposit and is included as “security deposit” in the statements of financial position.

**AMREF HEALTH AFRICA, INC.**  
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**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**September 30, 2021 And 2020**

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**GRANTS**

Under the terms of the U.S. Government grants, which are made based upon the acceptance by the U.S. Government of the program proposals submitted by AMREF, amounts are stipulated for both direct program costs and administrative overhead costs. While AMREF was the prime contractor under these awards, the majority of the U.S. Government contract work was carried out by AMREF's affiliate, AMREF Health Africa (Kenya) ("Subrecipient"). The administrative overhead rates used by AMREF and its subrecipient, while provisionally approved, is subject to review and final approval by the U.S. Government. AMREF's administrative overhead rate has been approved through September 30, 2017 while its Subrecipient's rate has been approved through 2015. Relative to the indirect costs charged by the Subrecipient, final proposed rates have been calculated and submitted to the U.S. Government for approval. The provisional rate used in the billing process from 2016 (commencement of the government contract in which the Subrecipient used their provisional indirect rate) through 2021 was a rate in excess of the final calculated rates. A total of approximately \$271,000 of excess indirect costs were charged under these government contracts and will require reimbursement to the U.S. Government once the final rates are approved. The Subrecipient is currently in discussion with the U.S. Government. The reimbursement will be made by the subrecipient and will not have an effect on the financial position or results of operations of AMREF.

**(8) COVID-19 AND REFUNDABLE ADVANCE/PAYROLL PROTECTION PROGRAM**

In December 2019, a novel strain of the coronavirus ("COVID-19") was reported in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern". This outbreak has affected virtually every industry and has created volatility in stock markets throughout the world. Many federal and state governments have implemented numerous restrictions, mandated various closures and quarantine requirements in connection with the COVID-19 outbreak. The extent of the impact of COVID-19 on AMREF's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on AMREF's funders, donors, employees and vendors, all of which are uncertain and cannot be predicted.

On May 8, 2020, AMREF received a \$211,683 loan under the Small Business Administration's ("**SBA**") Paycheck Protection Program (the "**PPP Loan**"). AMREF considers this to be a conditional contribution and it expects to meet the criteria for loan forgiveness upon incurring eligible expenditures and when its application for forgiveness is accepted by the SBA. AMREF considers the incurrence of eligible expenses and the acceptance of its application for forgiveness by the SBA to be barriers in the PPP Loan agreement and as such, would recognize contribution income when these conditions are substantially met. As of September 30, 2020, AMREF had recorded \$211,683 as a refundable advance. During the year ended September 30, 2021, AMREF had met all conditions of the program and the loan was forgiven on February 1, 2021. As such, the loan has been recognized in the Statement of Activities and Changes in Net Assets with PPP grant revenue in fiscal year 2021.

On March 3, 2021, AMREF received a \$214,336 loan under the Small Business Administration's ("**SBA**") Paycheck Protection Program Second Draw Loan ("**PPP Second Draw Loan**") under the Consolidated Appropriations Act 2021, Additional Coronavirus Response and Relief provisions. AMREF considers this to be a conditional contribution and it expects to meet the criteria for loan forgiveness upon incurring eligible expenditures and when its application for forgiveness is accepted by the SBA. As AMREF believes it has met the conditions and incurred expenses in the amount of \$214,336 as of September 30, 2021, the amount has been recognized in the Statement of Activities and Changes in Net Assets with PPP grant revenue in fiscal year 2021.

**AMREF HEALTH AFRICA, INC.**  
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*NOTES TO FINANCIAL STATEMENTS – (Continued)*

September 30, 2021 And 2020

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**(9) FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

AMREF strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments. As part of AMREF's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

The following table reflects AMREF's financial assets as of September 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year may include net assets with donor and/or contractual restrictions.

	<u>2021</u>	<u>2020</u>
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 1,004,678	\$ 1,117,101
Investments	2,096,162	1,641,440
Grants receivable	56,837	463,586
Notes receivable (due within one year)	83,891	333,000
Advance to AMREF Africa	<u>7,927,272</u>	<u>-</u>
Total financial assets	11,168,840	3,555,127
Less:		
Net assets with donor restrictions	<u>(8,018,920)</u>	<u>(1,079,389)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,149,920</u>	<u>\$ 2,475,738</u>

**(10) SUBSEQUENT EVENTS**

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, February 15, 2022, have been evaluated in the preparation of the financial statements.