



YAMBA MALAWI, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL REPORTS
DECEMBER 31, 2022 AND 2021

YAMBA MALAWI, INC. AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Yamba Malawi, Inc. and Affiliate
New York, New York

Opinion

We have audited the accompanying consolidated financial statements of Yamba Malawi, Inc. (a nonprofit organization) and Affiliate (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditor, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, 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.

We did not audit the financial statements of the affiliate, which statements reflect total assets of approximately \$200,000 and \$400,000 as of December 31, 2022 and 2021, respectively, and total revenues of approximately \$1,400,000 and \$1,200,000, respectively, for the years then ended. The affiliate's financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and were audited by another auditor, whose report has been furnished to us. In addition, the other auditor audited the conversion of those financial statements to accounting principles generally accepted in the United States of America. The audit was conducted in accordance with International Standards on Auditing as issued by the International Auditing and Assurance Standards Board. The other auditor also did additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America for their audit. We conducted our audits 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 consolidated financial statements are free from material misstatement. Our opinion, insofar as it relates to the amounts included for the affiliate, is based solely on the report of the other auditor.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Organization 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 the Organization's ability to continue as a going concern within 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 the Organization'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 the Organization'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying information listed in the attached table of contents on pages 16-21 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audits and the report of the other auditor, the information is fairly stated, in all material respects in relation to the consolidated financial statements as a whole.

Wiss & Company

WISS & COMPANY, LLP

Florham Park, New Jersey
October 23, 2023

YAMBA MALAWI, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2022	2021
ASSETS		
Cash and equivalents	\$ 817,410	\$ 1,194,904
Investments	151,997	130,341
Contributions receivable	1,157,041	1,310,198
Prepaid expenses and other assets	20,524	23,012
Property and equipment, net	<u>152,730</u>	<u>209,613</u>
Total Assets	<u>\$ 2,299,702</u>	<u>\$ 2,868,068</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 38,997	\$ 72,116
Payroll tax deferral	-	11,269
Economic injury disaster loan	<u>150,000</u>	<u>150,000</u>
Total Liabilities	<u>188,997</u>	<u>233,385</u>
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	1,299,150	1,033,612
With donor restrictions	<u>811,555</u>	<u>1,601,071</u>
Total Net Assets	<u>2,110,705</u>	<u>2,634,683</u>
Total Liabilities and Net Assets	<u>\$ 2,299,702</u>	<u>\$ 2,868,068</u>

See accompanying notes to the consolidated financial statements.

YAMBA MALAWI, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:						
Contributions	\$ 851,278	\$ 50,000	\$ 901,278	\$ 353,512	\$ 2,075,000	\$ 2,428,512
In-kind contributions	-	-	-	8,574	-	8,574
Special events, net of costs of direct benefits to donors of \$156,642 and \$27,862, respectively	767,637	-	767,637	812,728	-	812,728
Investment return, net	1,190	-	1,190	122	-	122
Paycheck protection program debt forgiveness	-	-	-	111,389	-	111,389
Other revenue	70,383	-	70,383	13,010	-	13,010
Net assets released from restrictions	839,516	(839,516)	-	710,451	(710,451)	-
Total Support and Revenues	2,530,004	(789,516)	1,740,488	2,009,786	1,364,549	3,374,335
EXPENSES:						
Program services	1,400,201	-	1,400,201	1,211,493	-	1,211,493
Support Services:						
Management and general	652,604	-	652,604	507,441	-	507,441
Fundraising	135,347	-	135,347	170,574	-	170,574
	787,951	-	787,951	678,015	-	678,015
Total Expenses	2,188,152	-	2,188,152	1,889,508	-	1,889,508
CHANGE IN NET ASSETS BEFORE TRANSLATION ADJUSTMENT	341,852	(789,516)	(447,664)	120,278	1,364,549	1,484,827
Translation adjustment	(76,314)	-	(76,314)	16,003	-	16,003
CHANGE IN NET ASSETS	265,538	(789,516)	(523,978)	136,281	1,364,549	1,500,830
NET ASSETS, BEGINNING OF YEAR	1,033,612	1,601,071	2,634,683	897,331	236,522	1,133,853
NET ASSETS, END OF YEAR	\$ 1,299,150	\$ 811,555	\$ 2,110,705	\$ 1,033,612	\$ 1,601,071	\$ 2,634,683

See accompanying notes to the consolidated financial statements.

YAMBA MALAWI, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31,							
	2022		2021					
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 568,306	\$ 256,466	\$ 90,425	\$ 915,197	\$ 573,080	\$ 184,725	\$ 132,368	\$ 890,173
Payroll taxes and fringe benefits	162,080	69,220	14,624	245,924	130,786	44,127	21,015	195,928
Occupancy	9,829	48,334	-	58,163	7,435	43,075	-	50,510
Office expense	88,769	30,197	20,907	139,873	72,346	26,946	9,436	108,728
Supplies	82,783	37,792	-	120,575	51,981	21,614	172	73,767
Professional fees	96,358	85,932	5,811	188,101	128,974	43,178	1,976	174,128
Insurance	11,627	7,373	-	19,000	-	8,161	-	8,161
Functions and events	-	-	156,642	156,642	-	-	27,862	27,862
Travel and meetings	242,953	33,925	123	277,001	101,849	13,118	143	115,110
Training and recruiting	87	4,957	-	5,044	4,194	75,354	25	79,573
Depreciation	1,359	44,192	-	45,551	8,149	15,392	-	23,541
Bad debt	-	-	-	-	67,515	-	-	67,515
Other expense	136,050	34,216	3,457	173,723	65,184	31,751	5,439	102,374
Total expenses by function	1,400,201	652,604	291,989	2,344,794	1,211,493	507,441	198,436	1,917,370
Less expenses included with revenues on the Consolidated Statements of Activities and Changes in Net Assets:	-	-	156,642	156,642	-	-	27,862	27,862
Cost of direct benefit to donors	-	-	-	-	-	-	-	-
Total expenses included in the expense section on the Consolidated Statements of Activities and Changes in Net Assets	<u>\$ 1,400,201</u>	<u>\$ 652,604</u>	<u>\$ 135,347</u>	<u>\$ 2,188,152</u>	<u>\$ 1,211,493</u>	<u>\$ 507,441</u>	<u>\$ 170,574</u>	<u>\$ 1,889,508</u>

Total expenses included in the expense section on the

Consolidated Statements of Activities and Changes in Net Assets

See accompanying notes to the consolidated financial statements.

YAMBA MALAWI, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

	December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (523,978)	\$ 1,500,830
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	45,551	23,541
Bad debt	-	67,515
Forgiveness of paycheck protection program loan	-	(111,389)
Realized and unrealized gain on investments	(1,138)	(10,160)
Donated securities	(5,000)	(1,094)
Changes in operating assets and liabilities:		
Contributions receivable	153,157	(1,057,863)
Prepaid expenses and other assets	(961)	(19,317)
Accounts payable and accrued expenses	(27,442)	61,371
Net cash flows from operating activities	(359,811)	453,434
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(19,993)	-
Proceeds from sale of investments	4,475	11,230
Purchase of property and equipment	(31,552)	(148,129)
Net cash flows from investing activities	(47,070)	(136,899)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program loan	-	111,389
Payments on payroll tax deferral	(11,269)	(11,269)
Net cash flows from financing activities	(11,269)	100,120
EFFECT OF EXCHANGE RATE CHANGES ON CASH	40,656	5,254
NET CHANGE IN CASH AND EQUIVALENTS	(377,494)	421,909
CASH AND EQUIVALENTS, BEGINNING OF YEAR	1,194,904	772,995
CASH AND EQUIVALENTS, END OF YEAR	\$ 817,410	\$ 1,194,904
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION -		
Interest paid	\$ 1,282	\$ 98
SUPPLEMENTAL NON-CASH FLOW INFORMATION -		
Donated securities	\$ 5,000	\$ 1,094

See accompanying notes to the consolidated financial statements.

YAMBA MALAWI, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Nature of the Organizations and Summary of Significant Accounting Policies:

Principles of Consolidation - The consolidated financial statements include Yamba Malawi, Inc. (“YMI”) and its affiliate, Yamba Malawi Limited (“YML”) (collectively referred to as the “Organization”). The entities are consolidated based on control and economic interest. The financial position and results of operations presented in the accompanying consolidated financial statements do not represent those of a single legal entity. All intercompany transactions and accounts have been eliminated in consolidation.

Nature of the Organizations - YMI is a non-profit organization established in 2006 and formed solely for charitable and educational purposes. As an institution, YMI empowers communities in Malawi to support orphans and other children in need. YMI meets the immediate needs of these children while partnering with local community centers to strengthen their skills and build businesses for sustained impact. This three-pronged approach addresses the urgent needs of the children while enabling communities to provide for them in the long run.

YML is a company limited by guarantee incorporated under the Companies Act of 2013 and domiciled in Malawi. Established as an affiliate of YMI as of April 1, 2021, YML works with YMI toward the achievement of YMI’s organizational goals and operations in Malawi to transform children’s lives by empowering communities to break the cycle of poverty. YML’s programs are primarily funded through contributions received from YMI. The registered offices are situated in Area 6, plot No 6/1/101, Lilongwe in Malawi.

Cash and Equivalents and Credit Risk - Cash and equivalents include money market funds and all other highly liquid short-term investments purchased with maturities of three months or less. YMI maintains its cash balances with financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At times, these balances may exceed the FDIC limits; however, the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risks with respect to these balances.

YML maintains cash and equivalents in accounts with various financial institutions located in Malawi. As of December 31, 2022 and 2021, cash and equivalents in such accounts totaled \$66,289 and \$181,448, respectively. There have been no losses from credit risk in such accounts during the years ended December 31, 2022 and 2021.

Investments - Investments are stated at fair value based upon quoted market values. Interest and dividends and realized and unrealized gains and losses, if any, are reported as investment return in the consolidated statements of activities and changes in net assets. Investment return is reported in net assets without donor restrictions unless its use is restricted by explicit donor stipulation or by law. Purchases and sales of investments are recorded on a settlement date basis. The cost of securities sold is determined using the specific identification method. Investments are reviewed annually for impairment. Management has determined there are no other than temporary losses as of December 31, 2022 and 2021.

Dividends and interest are recognized as earned. Net realized gains or losses and changes in net appreciation in fair value are determined by comparing cost to proceeds and fair market value, respectively. Gains and losses on sales of securities are recorded in the consolidated statements of activities and changes in net assets in the period in which the securities are sold.

The investments are protected by the Securities Insurance Protection Corporation (“SIPC”), which provides limited insurance in certain circumstances for securities and cash held in brokerage accounts. The insurance is limited to \$500,000 for securities and \$250,000 for cash balances. The insurance does not protect against investment losses. At times, such balances may be in excess of SIPC insured limits.

YAMBA MALAWI, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Nature of the Organizations and Summary of Significant Accounting Policies (continued):

Contributions Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Organization determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. At December 31, 2022 and 2021, no allowance was deemed necessary.

Property and Equipment - Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives. Major improvements in excess of \$500 are capitalized. Repairs and maintenance costs are expensed as incurred while major renewals and betterments are capitalized. When assets are disposed of, the assets and related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in operations. Estimated useful lives are as follows:

Vehicles	5 years
Furniture and fixtures	5-10 years
Computer equipment and software	3-5 years
Office equipment	3 years

Long-Lived Assets - The Organization evaluates all long-lived assets for impairment. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying amount is not fully recoverable, an impairment loss is recognized to reduce the carrying amount to fair value and is charged to expense in the period of impairment. As of December 31, 2022 and 2021, management has determined that these assets are not impaired.

Paycheck Protection Program Loan - In 2021, the Organization applied for and received funding for a Paycheck Protection Program ("PPP") loan totaling \$111,389 under the U.S. Small Business Administration ("SBA"), which is part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES"), enacted on March 27, 2020. Under the terms of the PPP, up to 100% of the principal and accrued interest may be forgiven if certain criteria are met and the loan proceeds are used for qualifying expenses such as payroll costs, benefits, rent, and utilities as described in the CARES Act. Additionally, there is a deferral period from the date of the loan funding in which there are no payments of principal, interest or fees through the date that the SBA remits the borrower's loan forgiveness amount. The loan accrues interest at a rate of 1% and any portion of the principal and interest that is not forgiven is required to be paid. The Organization's policy is to account for the PPP loan as long-term debt until either (1) the loan is partially or entirely forgiven and the debtor has been legally released, at which point the amount forgiven would be recorded into income or (2) the Organization pays off the loan. In 2021, the Organization was officially forgiven for the PPP loan in the total amount of \$111,389.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where

YAMBA MALAWI, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Nature of the Organizations and Summary of Significant Accounting Policies (continued):

the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Support, Revenue, and Concentrations - The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Amounts received prior to conditions being met are reported as refundable advances in the consolidated statements of financial position. No amounts have been received in advance as of December 31, 2022 and 2021.

In-Kind Contributions - Donated goods and services are reflected in the consolidated statements of activities and changes in net assets at their fair values. Materials and other assets received as donations are recorded and reflected in the accompanying consolidated financial statements at their fair values at the date of receipt. All donated goods and services were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated goods and services.

Special Events - Pledges made for special events are recognized when an event takes place. There may be an exchange element based upon the direct benefits donors receive and a conditional contribution element for the difference. Any event revenue received in advance of the event is recorded as deferred revenue. No amounts have been received in advance as of December 31, 2022 and 2021.

Concentrations - For the year ended December 31, 2022, approximately 11% of the Organization's total support and revenue was provided by one source. For the year ended December 31, 2021, approximately 59% of the Organization's total support and revenue was provided by two sources.

Operating and Finance Leases - As of January 1, 2022, the Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Former capital leases are now referred to as finance leases and operating leases are now recorded on the statement of financial position and referred to as operating leases, both finance and operating leases are considered right of use assets. The Organization has elected the practical expedient to not capitalize leases with a term of twelve months or less. These short-term leases are instead expensed as incurred on a straight-line basis. The Organization also elected the practical expedient to utilize the risk-free rate for all classes of assets when the rate implicit in the lease is not determinable. Lastly, the Organization elected the practical expedient to not separate the lease from non-lease components. At December 31, 2022, there are no leases with terms longer than twelve months.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied. Administrative and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fundraising costs are expensed as incurred, even

YAMBA MALAWI, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Nature of the Organizations and Summary of Significant Accounting Policies (continued):

though they may result in contributions received in future years. The basis on which costs are allocated are evaluated annually.

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

Foreign Currency Translation and Transactions - The financial statements of YML have been translated at current exchange rates for assets and liabilities and at average rates for revenue and expense items. Translation gains and losses are recorded as effects of translation adjustment on the consolidated statements of activities and changes in net assets. Transaction adjustments are included in other revenue as foreign exchange gains or losses.

Foreign Currency Exchange Risk - The Organization has foreign currency risks related to revenue, and operating expenses in currencies other than the local currencies in which they operate. The Organization is exposed to currency risk from the potential changes in functional currency values of their foreign currency-denominated assets, liabilities, and cash flows.

Income Taxes - YMI is exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code ("IRC") and has made no provision for Federal or State income taxes in the accompanying consolidated financial statements. In addition, YMI has been determined by the Internal Revenue Service ("IRS") not to be a "private foundation" within the meaning of section 509(a) of the IRC. All significant tax positions have been considered by management and it has been determined that all tax positions would be sustained upon examination by taxing authorities. YMI is required to file forms 990 (Return of Organization Exempt from Income Tax), the New York CHAR500 (Annual Filing for Charitable Organizations) and the State of New Jersey CRI 300-R, which are subject to examination by the IRS, the State of New York and the State of New Jersey. YMI is no longer subject to IRS examinations for year ends prior to December 31, 2019. With limited exceptions, YMI is no longer subject to state examinations for year ends prior to December 31, 2018.

Other significant tax positions include its determination of whether any amounts are subject to unrelated business income tax ("UBIT"). Management has determined that YMI had no activities subject to UBIT in the years ended December 31, 2022 and 2021.

YML is exempt from paying income tax per paragraph (ix) of the First Schedule to the Taxation Act Chapter (41:01) under Malawi's law.

Reclassifications - Certain prior period amounts have been reclassified to conform to the current year's presentation. Such reclassifications did not impact the consolidated change in net assets.

Newly Adopted Accounting Standards - On January 1, 2022, the Organization adopted Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)," which replaces the existing guidance in ASC 840 – Leases. This ASU requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases, the lessee recognizes interest expense and amortization of the right-of-use asset and for operating leases, the lessee would recognize a straight-line lease expense. This ASU is effective for fiscal years beginning after December 15,

YAMBA MALAWI, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Nature of the Organizations and Summary of Significant Accounting Policies (continued):

2021. The Organization adopted the standard using the effective date method, and therefore did not adjust prior period amounts and continues to report those in accordance with historic accounting policies resulting in a statement of financial position presentation that is not comparable to the prior period in the first year of adoption. With adoption, the Organization elected the package of three practical expedients, including to retain the historical lease classification, relief from reviewing expired or existing contracts to determine if they contain leases, as well as not reviewing previously capitalized initial direct costs to see if they would qualify for capitalization under Topic 842. The Organization also elected to not separate lease and non-lease components. Adoption of ASC 842 did not have an impact on the Organization's consolidated financial statements or require adjustment to opening net assets or changes in net assets, however, it has resulted in expanded disclosures.

In September 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. Management adopted this FASB during the December 31, 2022 year-end by enhancing footnote disclosure.

Recently Issued Accounting Pronouncements - In June 2016, the FASB issued ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, including subsequently issued ASUs, to clarify the implementation guidance in ASU 2016-13. The amendment requires a financial asset (or group of financial assets) such as trade receivables and available-for-sale debt securities, to be assessed for impairment under current expected credit loss model rather than an incurred loss model. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU 2016-13 will be effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of this adoption on its consolidated financial statements.

Subsequent Events - Management has reviewed and evaluated all events and transactions from December 31, 2022 through October 23, 2023, the date that the consolidated financial statements were available for issuance. The effects of those events and transactions that provide additional pertinent information about conditions that existed at the consolidated statement of financial position date have been recognized in the accompanying consolidated financial statements.

Note 2 - Liquidity and Availability:

Management regularly monitors the availability of resources required to meet its operating needs. As part of management's liquidity plan, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. For purposes of analyzing resources available to meet general expenses over a 12-month period, management considers all expenses related to its ongoing activities. Financial assets available for general expense, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

YAMBA MALAWI, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Liquidity and Availability (continued):

	December 31,	
	2022	2021
Available financial assets at year-end:		
Cash and equivalents	\$ 817,410	\$ 1,194,904
Investments	151,997	130,341
Contributions receivable, current portion (Note 4)	852,041	702,698
Total available financial assets at year-end	1,821,448	2,027,943
Less: Amounts not available for general expenses:		
Purpose-restricted net assets (Note 8)	(811,555)	(1,601,071)
Total available financial assets at year-end	\$ 1,009,893	\$ 426,872

In addition to financial assets available to meet general expenses over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenses.

Note 3 - Fair Value Measurements - Recurring:

Fair Value Measurements and Disclosures FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- *Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- *Level 2* - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- *Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

YAMBA MALAWI, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Fair Value Measurements - Recurring (continued):

- Money Market Fund: Valued at the closing price reported in the active market in which the underlying assets are traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

	<i>Fair Value as of December 31, 2022</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investments - Money Market Fund	\$ 151,997	\$ -	\$ -	\$ 151,997

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2021:

	<i>Fair Value as of December 31, 2021</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investments - Money Market Fund	\$ 130,341	\$ -	\$ -	\$ 130,341

Note 4 - Contributions Receivable:

Receivables are due as follows:

	December 31,	
	2022	2021
Less than one year	\$ 852,041	\$ 702,698
One to five years	305,000	607,500
	<u>\$ 1,157,041</u>	<u>\$ 1,310,198</u>

YAMBA MALAWI, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 - Property and Equipment:

Property and equipment consist of the following:

	December 31,	
	2022	2021
Vehicles	\$ 172,667	\$ 187,440
Furniture and equipment	49,743	54,263
	222,410	241,703
Less: accumulated depreciation	(69,680)	(32,090)
	\$ 152,730	\$ 209,613

Depreciation expense was \$45,551 and \$23,541 for the years ended December 31, 2022 and 2021, respectively.

Note 6 - Long-term Liabilities:

CARES Act Section 2302 - Section 2302 of the CARES Act permits employers to defer the payment of the employer portion of social security taxes between March 27, 2020, and December 31, 2020, with 50% of the deferred amount due December 31, 2021, and the remaining 50% due December 31, 2022. The Organization deferred a total of \$22,538 in social security employer payroll taxes during the allowed period. As of December 31, 2022 and 2021, the remaining balance due is \$0 and \$11,269, respectively.

SBA Economic Injury Disaster Loan - In 2020, the Organization applied for and received funding for an Economic Injury Disaster Loan ("EIDL") in the amount of \$150,000 under the SBA. The EIDL has an effective date of June 19, 2020, and an interest rate of 2.75%. Under the terms of the program, payments are deferred for two years with the principal and accrued interest payable over the remaining thirty years in monthly installments of \$641. Accrued interest of \$9,385 and \$6,315 is included in accounts payable and accrued expenses on the consolidated statements of financial position at December 31, 2022 and 2021, respectively.

The EIDL matures as follows:

Year Ending December 31,	
2023	\$ -
2024	-
2025	939
2026	3,639
2027	3,740
2028 and thereafter	141,682
	\$ 150,000

Note 7 - Commitments:

Lease Commitment - The Organization leases office space in Lilongwe, Malawi on a yearly basis. Total short-term lease expense incurred by the Organization for the years ended December 31, 2022 and 2021, was \$15,680 and \$11,836, respectively. These amounts are included in occupancy on the Consolidated Statements of Functional Expenses.

YAMBA MALAWI, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 – Commitments (continued):

Retirement Plans - YMI is a participating employer in a multi-employer qualified defined contribution profit sharing plan, which covers substantially all domestic employees. Employer contributions to the plan are discretionary and determined annually by management. Contributions to the plan totaled \$8,981 and \$0 for the years ended December 31, 2022 and 2021, respectively. These amounts are included in payroll taxes and fringe benefits on the Consolidated Statements of Functional Expenses.

Retirement benefits are provided for all employees in Malawi through independently administered defined contribution funds as mandated by Malawi law. For the years ended December 31, 2022 and 2021, the Organization contributed \$50,276 and \$41,512, respectively, to the funds. These amounts are included in payroll taxes and fringe benefits on the Consolidated Statements of Functional Expenses.

Note 8 - Net Assets with Donor Restrictions:

Net assets with donor restrictions represent contributions received related to the following:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Subject to specified purpose:		
Malawi community programs	<u>\$ 811,555</u>	<u>\$ 1,601,071</u>

YAMBA MALAWI, INC. AND AFFILIATE

**SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

	Yamba Malawi, Inc.	Yamba Malawi Limited	Eliminations	Total
ASSETS				
Cash and equivalents	\$ 751,121	\$ 66,289	\$ -	\$ 817,410
Investments	151,997	-	-	151,997
Contributions receivable	1,157,041	-	-	1,157,041
Prepaid expenses and other assets	8,578	11,946	-	20,524
Property and equipment, net	<u>1,973</u>	<u>150,757</u>	<u>-</u>	<u>152,730</u>
 Total Assets	 <u>\$ 2,070,710</u>	 <u>\$ 228,992</u>	 <u>\$ -</u>	 <u>\$ 2,299,702</u>
 LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 16,377	\$ 22,620	\$ -	\$ 38,997
Economic injury disaster loan	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Total Liabilities	<u>166,377</u>	<u>22,620</u>	<u>-</u>	<u>188,997</u>
 COMMITMENTS				
NET ASSETS:				
Without donor restrictions	1,092,778	206,372	-	1,299,150
With donor restrictions	<u>811,555</u>	<u>-</u>	<u>-</u>	<u>811,555</u>
Total Net Assets	<u>1,904,333</u>	<u>206,372</u>	<u>-</u>	<u>2,110,705</u>
 Total Liabilities and Net Assets	 <u>\$ 2,070,710</u>	 <u>\$ 228,992</u>	 <u>\$ -</u>	 <u>\$ 2,299,702</u>

See independent auditors' report.

YAMBA MALAWI, INC. AND AFFILIATE

**SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

	Yamba Malawi, Inc.	Yamba Malawi Limited	Eliminations	Total
ASSETS				
Cash and equivalents	\$ 1,013,456	\$ 181,448	\$ -	\$ 1,194,904
Investments	130,341	-	-	130,341
Contributions receivable	1,310,198	-	-	1,310,198
Prepaid expenses and other assets	6,254	16,758	-	23,012
Property and equipment, net	<u>3,332</u>	<u>206,281</u>	-	<u>209,613</u>
 Total Assets	 <u>\$ 2,463,581</u>	 <u>\$ 404,487</u>	 <u>\$ -</u>	 <u>\$ 2,868,068</u>
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 47,475	\$ 24,641	\$ -	\$ 72,116
Payroll tax deferral	11,269	-	-	11,269
Economic injury disaster loan	150,000	-	-	150,000
Total Liabilities	<u>208,744</u>	<u>24,641</u>	-	<u>233,385</u>
COMMITMENTS				
NET ASSETS:				
Without donor restrictions	653,766	379,846	-	1,033,612
With donor restrictions	<u>1,601,071</u>	-	-	<u>1,601,071</u>
Total Net Assets	<u>2,254,837</u>	<u>379,846</u>	-	<u>2,634,683</u>
 Total Liabilities and Net Assets	 <u>\$ 2,463,581</u>	 <u>\$ 404,487</u>	 <u>\$ -</u>	 <u>\$ 2,868,068</u>

See independent auditors' report.

YAMBA MALAWI, INC. AND AFFILIATE

**SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022**

	Yamba Malawi, Inc.		Yamba Malawi Limited		Totals
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Eliminations	
	Total	Total			
SUPPORT AND REVENUES:					
Contributions	\$ 849,116	\$ 50,000	\$ 899,116	\$ (1,324,200)	\$ 901,278
In-kind contributions	-	-	-	3,066	-
Special events, net of costs of direct benefits to donors of \$156,642	767,637	-	767,637	-	767,637
Investment return, net	1,190	-	1,190	-	1,190
Other revenue	-	-	-	70,383	70,383
Net assets released from restrictions	839,516	(839,516)	-	-	-
Total Support and Revenues	2,457,459	(789,516)	1,667,943	(1,325,266)	1,740,488
EXPENSES:					
Program services	1,793,346	-	1,793,346	938,030	1,400,201
Support Services:					
Management and general Fundraising	89,754	-	89,754	562,850	652,604
	135,347	-	135,347	-	135,347
	225,101	-	225,101	562,850	787,951
Total Expenses	2,018,447	-	2,018,447	(1,331,175)	2,188,152
CHANGE IN NET ASSETS BEFORE TRANSLATION ADJUSTMENT	439,012	(789,516)	(350,504)	(103,069)	(447,664)
Translation adjustment	-	-	-	(70,405)	(76,314)
CHANGE IN NET ASSETS	439,012	(789,516)	(350,504)	(173,474)	(523,978)
NET ASSETS, BEGINNING OF YEAR	653,766	1,601,071	2,254,837	379,846	2,634,683
NET ASSETS, END OF YEAR	\$ 1,092,778	\$ 811,555	\$ 1,904,333	\$ 206,372	\$ 2,110,705

See independent auditors' report.

YAMBA MALAWI, INC. AND AFFILIATE

SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	Yamba Malawi, Inc.		Yamba Malawi Limited		Totals	
	Twelve-months ended December 31, 2021	With Donor Restrictions	Nine-months ended December 31, 2021	Without Donor Restrictions	Eliminations	
	Without Donor Restrictions	Total	Without Donor Restrictions	Total		
SUPPORT AND REVENUES:						
Contributions	\$ 353,512	\$ 2,428,512	\$ 1,094,776	\$ 2,428,512	\$ (1,094,776)	\$ 2,428,512
In-kind contributions	8,574	8,574	71,591	8,574	(71,591)	8,574
Special events, net of costs of direct benefits to donors of \$27,862	812,728	812,728	-	-	-	812,728
Investment return, net	122	122	-	-	-	122
Paycheck protection program debt forgiveness	111,389	111,389	-	-	-	111,389
Other revenue	7,684	7,684	5,326	-	-	13,010
Net assets released from restrictions	710,451	-	(710,451)	-	-	-
Total Revenues	2,004,460	3,369,009	1,364,549	3,369,009	(1,166,367)	3,374,335
EXPENSES:						
Program services	1,899,593	1,899,593	452,206	1,211,493	(1,140,306)	1,211,493
Support Services:						
Management and general	177,858	177,858	329,583	507,441	-	507,441
Fundraising	170,574	170,574	-	170,574	-	170,574
	348,432	348,432	329,583	678,015	-	678,015
Total Expenses	2,248,025	2,248,025	781,789	1,889,508	(1,140,306)	1,889,508
CHANGE IN NET ASSETS BEFORE TRANSLATION ADJUSTMENT	(243,565)	1,120,984	389,904	1,484,827	(26,061)	1,484,827
Translation adjustment	-	-	(10,058)	16,003	26,061	16,003
CHANGE IN NET ASSETS	(243,565)	1,120,984	379,846	1,500,830	-	1,500,830
NET ASSETS, BEGINNING OF YEAR	897,331	1,133,853	-	1,133,853	-	1,133,853
NET ASSETS, END OF YEAR	\$ 653,766	\$ 2,254,837	\$ 1,601,071	\$ 2,634,683	\$ -	\$ 2,634,683

See independent auditors' report.

YAMBA MALAWI, INC. AND AFFILIATE

**SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Yamba Malawi, Inc.				Yamba Malawi Limited				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Total	Eliminations	Totals
Salaries	\$ 339,122	\$ 32,893	\$ 90,425	\$ 462,440	\$ 229,184	\$ 223,573	\$ 452,757	\$ -	\$ 915,197
Payroll taxes and fringe benefits	54,845	5,319	14,624	74,788	107,235	63,901	171,136	-	245,924
Grants to affiliate	1,331,175	-	-	1,331,175	-	-	-	(1,331,175)	-
Occupancy	-	7,900	-	7,900	9,829	40,434	50,263	-	58,163
Office expense	15,484	11,027	20,907	47,418	73,285	19,170	92,455	-	139,873
Supplies	71	325	-	396	82,712	37,467	120,179	-	120,575
Professional fees	27,425	20,641	5,811	53,877	68,933	65,291	134,224	-	188,101
Insurance	-	1,392	-	1,392	11,627	5,981	17,608	-	19,000
Functions and events	-	-	156,642	156,642	-	-	-	-	156,642
Travel and meetings	16,448	2,823	123	19,394	226,505	31,102	257,607	-	277,001
Training and recruiting	87	3,082	-	3,169	-	1,875	1,875	-	5,044
Depreciation	1,359	-	-	1,359	-	44,192	44,192	-	45,551
Other expense	7,330	4,352	3,457	15,139	128,720	29,864	158,584	-	173,723
Total expenses by function	1,793,346	89,754	291,989	2,175,089	938,030	562,850	1,500,880	(1,331,175)	2,344,794
Less expenses included with revenues on the Consolidating Statement of Activities and Changes in Net Assets:	-	-	156,642	156,642	-	-	-	-	156,642
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-
Total expenses included in the expense section on the Consolidating Statement of Activities and Changes in Net Assets	\$ 1,793,346	\$ 89,754	\$ 135,347	\$ 2,018,447	\$ 938,030	\$ 562,850	\$ 1,500,880	\$ (1,331,175)	\$ 2,188,152

Total expenses included in the expense section on the Consolidating Statement of Activities and Changes in Net Assets

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YAMBA MALAWI, INC. AND AFFILIATE
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

	Yamba Malawi, Inc.				Yamba Malawi Limited				
	Twelve-months ended December 31, 2021		Nine-months ended December 31, 2021		Twelve-months ended December 31, 2021		Nine-months ended December 31, 2021		
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Total	Eliminations	Totals
Salaries	\$ 430,701	\$ 38,519	\$ 132,368	\$ 601,588	\$ 142,379	\$ 146,206	\$ 288,585	\$ -	\$ 890,173
Payroll taxes and fringe benefits	78,766	6,116	21,015	105,897	52,020	38,011	90,031	-	195,928
Grants to affiliate	1,140,306	-	-	1,140,306	-	-	-	(1,140,306)	-
Occupancy	6,705	6,023	-	12,728	730	37,052	37,782	-	50,510
Office expense	27,004	16,080	9,436	52,520	45,342	10,866	56,208	-	108,728
Supplies	22,430	311	172	22,913	29,551	21,303	50,854	-	73,767
Professional fees	57,901	32,202	1,976	92,079	71,073	10,976	82,049	-	174,128
Insurance	-	1,846	-	1,846	-	6,315	6,315	-	8,161
Functions and events	-	-	27,862	27,862	-	-	-	-	27,862
Travel and meetings	20,403	622	143	21,168	81,446	12,496	93,942	-	115,110
Training and recruiting	4,194	69,580	25	73,799	-	5,774	5,774	-	79,573
Depreciation	8,149	-	-	8,149	-	15,392	15,392	-	23,541
Bad debt	67,515	-	-	67,515	-	-	-	-	67,515
Other expense	35,519	6,559	5,439	47,517	29,665	25,192	54,857	-	102,374
Total expenses by function	<u>1,899,593</u>	<u>177,858</u>	<u>198,436</u>	<u>2,275,887</u>	<u>452,206</u>	<u>329,583</u>	<u>781,789</u>	<u>(1,140,306)</u>	<u>1,917,370</u>
Less expenses included with revenues on the Consolidating Statement of Activities and Changes in Net Assets:									
Cost of direct benefit to donors	-	-	27,862	27,862	-	-	-	-	27,862
Total expenses included in the expense section on the Consolidating Statement of Activities and Changes in Net Assets	<u>\$ 1,899,593</u>	<u>\$ 177,858</u>	<u>\$ 170,574</u>	<u>\$ 2,248,025</u>	<u>\$ 452,206</u>	<u>\$ 329,583</u>	<u>\$ 781,789</u>	<u>\$ (1,140,306)</u>	<u>\$ 1,889,508</u>

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