

TOUCH FOUNDATION, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

TOUCH FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Touch Foundation, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Touch Foundation, Inc., which comprise the statements of financial position at September 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 financial statements are free from material misstatement.

An audit involves 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 for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Touch Foundation, Inc. at September 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Touch Foundation, Inc. adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2018-08. Our opinion is not modified with respect to this matter.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York

March 5, 2021

TOUCH FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash and cash equivalents	\$ 1,252,988	\$ 867,117
Contributions and grants receivable, net (Note 3)	5,049,587	7,342,968
Prepaid and other assets	98,943	77,597
Fixed assets, net	<u>4,027</u>	<u>4,011</u>
 TOTAL ASSETS	 <u>\$ 6,405,545</u>	 <u>\$ 8,291,693</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable and accrued expenses	\$ 33,737	\$ 112,257
Refundable advance (Note 8)	245,900	-
Grants payable (Note 4)	<u>-</u>	<u>3,000</u>
 Total liabilities	 <u>279,637</u>	 <u>115,257</u>
 CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	997,315	591,062
With donor restrictions (Note 6)	<u>5,128,593</u>	<u>7,585,374</u>
 Total net assets	 <u>6,125,908</u>	 <u>8,176,436</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 6,405,545</u>	 <u>\$ 8,291,693</u>

The accompanying notes are an integral part of these financial statements.

TOUCH FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE:						
Revenue and other support:						
Contributions	\$ 1,962,699	\$ 109,514	\$ 2,072,213	\$ 1,126,873	\$ 4,921,736	\$ 6,048,609
Government grants	845,824	-	845,824	606,699	-	606,699
Donated goods and services (Notes 5 and 7)	152,737	-	152,737	202,842	-	202,842
Special events, net	-	-	-	220,507	-	220,507
Investment gain (loss)	1,564	-	1,564	(1,037)	-	(1,037)
Net assets released from restrictions (Note 6)	2,566,295	(2,566,295)	-	2,359,868	(2,359,868)	-
Total revenue and other support	<u>5,529,119</u>	<u>(2,456,781)</u>	<u>3,072,338</u>	<u>4,515,752</u>	<u>2,561,868</u>	<u>7,077,620</u>
EXPENSES:						
Program Services:						
Grants and program activities (Note 4)	3,857,047	-	3,857,047	3,772,917	-	3,772,917
Supporting Services:						
Management and general	925,146	-	925,146	693,796	-	693,796
Fundraising	340,673	-	340,673	273,235	-	273,235
Total expenses	<u>5,122,866</u>	<u>-</u>	<u>5,122,866</u>	<u>4,739,948</u>	<u>-</u>	<u>4,739,948</u>
CHANGE IN NET ASSETS	406,253	(2,456,781)	(2,050,528)	(224,196)	2,561,868	2,337,672
NET ASSETS, BEGINNING OF YEAR	<u>591,062</u>	<u>7,585,374</u>	<u>8,176,436</u>	<u>815,258</u>	<u>5,023,506</u>	<u>5,838,764</u>
NET ASSETS, END OF YEAR	<u>\$ 997,315</u>	<u>\$ 5,128,593</u>	<u>\$ 6,125,908</u>	<u>\$ 591,062</u>	<u>\$ 7,585,374</u>	<u>\$ 8,176,436</u>

The accompanying notes are an integral part of these financial statements.

TOUCH FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services	Supporting Services			Total
	Grants and Program Activities	Management and General	Fundraising	Total Supporting Services	
Grants (Note 4)	\$ 1,989,185	\$ -	\$ -	\$ -	\$ 1,989,185
Donated goods and services	32,367	118,381	1,989	120,370	152,737
Salaries and related expenses	1,538,210	520,198	248,432	768,630	2,306,840
Travel	61,912	9,637	3,775	13,412	75,324
Professional and consulting fees	191,428	198,339	2,970	201,309	392,737
Telephone	1,757	8,236	18	8,254	10,011
Printing, publications and postage	4,095	3,030	4,422	7,452	11,547
Medical equipment and supplies	15,097	-	-	-	15,097
Office supplies and other miscellaneous	2,836	8,139	4,302	12,441	15,277
Occupancy	17,452	40,487	-	40,487	57,939
Equipment and maintenance	2,708	13,710	4,749	18,459	21,167
Depreciation	-	1,059	-	1,059	1,059
Insurance	-	3,930	-	3,930	3,930
Other special events	-	-	70,016	70,016	70,016
Total Expenses	\$ 3,857,047	\$ 925,146	\$ 340,673	\$ 1,265,819	\$ 5,122,866

The accompanying notes are an integral part of these financial statements.

TOUCH FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Services	Supporting Services				Total
	Grants and Program Activities	Management and General	Fundraising	Direct Cost of Special Events	Total Supporting Services	
Grants (Note 4)	\$ 1,387,134	\$ -	\$ -	\$ -	\$ -	\$ 1,387,134
Donated goods and services	39,629	153,242	9,971	-	163,213	202,842
Salaries and related expenses	1,968,762	354,210	182,883	-	537,093	2,505,855
Travel	132,136	31,723	3,830	-	35,553	167,689
Professional and consulting fees	124,365	80,759	5,323	-	86,082	210,447
Telephone	6,448	6,993	795	-	7,788	14,236
Printing, publications and postage	6,450	6,303	3,783	-	10,086	16,536
Food, facility and entertainment	-	-	-	80,593	80,593	80,593
Medical equipment and supplies	81,065	-	-	-	-	81,065
Office supplies and other miscellaneous	6,394	9,616	6,460	-	16,076	22,470
Occupancy	20,275	33,064	-	-	33,064	53,339
Equipment and maintenance	259	13,859	7,143	-	21,002	21,261
Depreciation	-	844	-	-	844	844
Insurance	-	3,183	-	-	3,183	3,183
Other special events	-	-	53,047	-	53,047	53,047
	<u>3,772,917</u>	<u>693,796</u>	<u>273,235</u>	<u>80,593</u>	<u>1,047,624</u>	<u>4,820,541</u>
Less: Expenses deducted directly from revenues on the statement of activities						
Cost of direct benefits of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,593)</u>	<u>(80,593)</u>	<u>(80,593)</u>
Total Expenses	<u>\$ 3,772,917</u>	<u>\$ 693,796</u>	<u>\$ 273,235</u>	<u>\$ -</u>	<u>\$ 967,031</u>	<u>\$ 4,739,948</u>

The accompanying notes are an integral part of these financial statements.

TOUCH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,050,528)	\$ 2,337,672
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donated investments	(10,044)	-
Realized gain on sale of investments	(65)	-
Depreciation	1,059	844
Decrease (increase) in:		
Contributions and grants receivable	2,293,381	(2,459,060)
Prepaid and other assets	(21,346)	(21,356)
Increase (decrease) in:		
Accounts payable and accrued expenses	(78,520)	31,176
Grants payable	(3,000)	(13,234)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>130,937</u>	<u>(123,958)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	10,109	-
Purchase of fixed assets	(1,075)	(4,855)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>9,034</u>	<u>(4,855)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from refundable advance	245,900	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>245,900</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	385,871	(128,813)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>867,117</u>	<u>995,930</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,252,988</u>	<u>\$ 867,117</u>

The accompanying notes are an integral part of these financial statements.

TOUCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

Note 1 - Nature of Operations

Touch Foundation, Inc. (the "Foundation") is a not-for-profit public charity organization formed under the laws of the State of Connecticut that began operations in August 2004. Its primary purpose is working to save lives and relieve human suffering, and it seeks to achieve this goal by strengthening healthcare in sub-Saharan Africa, providing better access to care, and by improving the quality of local health systems. The Foundation designs and implements solutions based on a rigorous data-driven, problem-solving approach. Its programs are efficient, locally led and tailored to the environment in which it operates, and it seeks measurable and enduring impact. The Foundation seeks to encourage the adoption of its tested solutions by the global health community and pursues opportunities to replicate its successful models across the world. Its primary sources of funding are contributions and government grants.

The Organization qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, and as a not-for-profit corporation in Connecticut. Accordingly, no provision for federal or state income taxes is required.

Note 2 - Summary of Significant Accounting Policies

Adoption of ASU No. 2018-08 - Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made

Effective October 1, 2019, the Foundation adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08") on a modified prospective basis. This ASU provides for guidance to assist the Foundation in evaluating the transfer of assets and the nature of the related transactions. The Foundation considers whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both indicates that the recipient is not entitled to the transferred assets or a future transfer of assets until it has overcome any barriers in the agreement.

The adoption of this ASU resulted in changes to the related disclosures in the notes to the financial statements.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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 could differ from those estimates.

TOUCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with initial maturities when acquired of three months or less.

Allowance for Doubtful Accounts

The Foundation determines whether an allowance for doubtful accounts should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions, and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. Bad debt expense is adjusted based upon management's assessment of the sufficiency of the allowance to cover future credit losses. At September 30, 2020, management has determined that no allowance for doubtful accounts was necessary.

Fixed Assets

Fixed assets are recorded at cost. Depreciation of fixed assets is provided over the estimated useful lives of the assets utilizing the straight-line method.

Government Grants and Deferred Revenue

Government grants are recorded as revenues without donor restrictions to the extent that expenses have been incurred for the purposes specified by the grantors. Government grants are recognized as the Foundation meets the conditions prescribed by the grant and incurs eligible expenses under the grant. As the conditions are met, the Foundation simultaneously releases the government grants and reflects them as without donor restrictions. To the extent monies received exceed eligible expenses, the Foundation records refundable advances. Grant activities and outlays are subject to audited acceptance by the granting agencies and, as a result of such audits, adjustments could be required.

Net Assets Without Donor Restrictions

Net assets without donor restrictions of the Foundation include assets having no restriction as to use or purpose imposed by donors and are therefore available for use in carrying out the operations of the Foundation.

Net Assets With Donor Restrictions

Net assets with donor restrictions include assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

TOUCH FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<u>Nature of Gift</u>	<u>Value Recognized</u>
<u>Conditional gifts, with or without restriction</u>	
Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<u>Unconditional gifts, with or without restriction</u>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue without donor restrictions.

Donated Goods and Services

Donated goods and services are reported at their fair values as both revenue and expense in the accompanying statements of activities. Donated services that create or enhance nonfinancial assets or require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not donated.

TOUCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Accounting for Uncertainty in Income Taxes

The Foundation applies the provisions pertaining to uncertain tax provisions in FASB Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations prior to 2017.

Functional Expenses

The costs of providing the Foundation's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses such as salaries and related expenses are allocated on a time and effort basis. Expenses such as grants and medical equipment and supplies are directly charged to program expenses. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort.

New Accounting Pronouncements

ASU No. 2020-07

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU increases transparency and provides financial clarity with the reporting of noncash contributions, known as gifts-in-kind. The guidance in this ASU provides for new presentation and disclosure requirements regarding contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. It requires not-for-profit entities to present contributed nonfinancial assets separately in the statements of activities apart from contributions of cash or other financial assets.

The amendments of ASU No. 2020-07 are effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early application is permitted for all entities.

ASU No. 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB ASC Topic 840, *Leases*.

TOUCH FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncements (cont'd.)

ASU No. 2016-02 (cont'd.)

The ASU provides that lessees should recognize lease assets and lease liabilities on the statements of financial position for leases previously classified as operating leases that exceed twelve months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For nonpublic entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022, based on the decision in ASU No. 2020-05 to defer the implementation dates. Early application is permitted for all entities.

Effect of New ASUs

The Foundation has not yet determined if these ASUs will have a material effect on its financial statements.

Concentration of Credit Risk

The Foundation maintains cash balances in several financial institutions which are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per institution. From time to time, the Foundation's balances may exceed these limits.

Note 3 - Contributions and Grants Receivable

The Foundation's contributions and grants receivable at September 30, 2020 and 2019 were comprised of the following:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 2,815,013	\$ 3,724,481
One to five years	2,241,044	3,734,471
	5,056,057	7,458,952
Less: Discount to net present value (with rates ranging from 0.13% to 1.63%)	6,470	115,984
	\$ 5,049,587	\$ 7,342,968

At September 30, 2020, contributions and grants receivable from three donors accounted for approximately 87% of the total contributions and grants receivable balance. Three donors and a U.S. government agency accounted for approximately 49% of contributions and government grant revenue for the year ended September 30, 2020.

TOUCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

Note 3 - Contributions and Grants Receivable (cont'd.)

At September 30, 2019, contributions and grants receivable from three donors accounted for approximately 89% of the total contributions and grants receivable balance. Three donors and a U.S. government agency accounted for approximately 88% of contributions and government grant revenue for the year ended September 30, 2019.

Note 4 - Grant Expenses and Grants Payable

Grant expense and grants payable at September 30, 2020 consist of the following:

	September 30, 2020	
	Grant Expenses	Grants Payable
a) Touch Foundation Tanzania ("Touch TZ")	\$ 901,920	\$ -
b) Pathfinder International ("Pathfinder")	737,588	-
c) D-tree International ("D-tree")	38,388	-
d) Clinton Health Access Initiative ("CHAI")	311,289	-
	\$ 1,989,185	\$ -

Grant expense and grants payable at September 30, 2019 consist of the following:

	September 30, 2019	
	Grant Expenses	Grants Payable
a) Touch Foundation Tanzania ("Touch TZ")	\$ 832,895	\$ -
b) Pathfinder International ("Pathfinder")	398,456	-
c) D-tree International ("D-tree")	98,227	-
e) Training for Health Equity Network ("THEnet")	22,231	3,000
f) Milwaukee Global Health Consortium ("MGHC")	6,450	-
g) Bugando Medical Centre ("BMC")	28,875	-
	\$ 1,387,134	\$ 3,000

A description of each of the grants for the years ended September 30, 2020 and 2019 is as follows:

- a) Touch TZ was formed to help the Foundation meet its mission of improving healthcare in Africa, starting in Tanzania, by increasing and improving the quality and effectiveness of human resources for health ("HRH") and by improving healthcare facilities and healthcare delivery systems. To enhance efficiency of its program operations, the Foundation began to administer aspects of its program through Touch TZ in 2012, a relationship formalized in an agreement signed between the two entities in October 2013. This includes making and administering grants to Tanzanian grantees, overseeing the performance of those grantees and providing technical assistance to grantees and others in Tanzania. The Foundation has been providing bookkeeping and other services to Touch TZ.

TOUCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

Note 4 - Grant Expenses and Grants Payable (cont'd.)

Touch TZ is registered in the United Republic of Tanzania. Under the governing documents, four of Touch TZ's seven voting members currently serve on the Foundation's board of directors. Under U.S. GAAP, the Foundation is not required to consolidate Touch TZ in the financial statements.

- b) In September 2017, the Foundation entered into a contract with Pathfinder to be responsible for the lower level facility and community interventions component for the implementation of the *Mobilizing Maternal Health Phase II Program* (later renamed "M-MAMA"), including the sustainable expansion of the emergency referral and transportation system currently operating in the Sengerema and Buchosa districts of the Mwanza region and in Shinyanga District Council of the Shinyanga region to the five remaining districts of the Shinyanga region in the Lake Zone of Tanzania.
- c) In September 2017, the Foundation entered into a contract with D-tree to provide IT development support and data management services for the implementation of the *M-MAMA Program*, including the sustainable expansion of the emergency referral and transportation system currently operating in the Sengerema and Buchosa districts of the Mwanza region and in Shinyanga District Council of the Shinyanga region to the five remaining districts of the Shinyanga region in the Lake Zone of Tanzania.

In November 2018, the Foundation entered into a contract with D-tree to design and build a data capture system for the Foundation's *Rheumatic Heart Disease Program*, located at BMC, and to provide related training on the system for users.

In July 2019, the Foundation entered into a contract with D-tree to design and build a data capture system for the Foundation's *Health System Strengthening Program* to reduce hypertension in pregnant mothers and health workers, implemented in the Shinyanga region and Sengerema district with BMC as an implementing partner, and to provide related training on the system for users.

- d) In August 2019, the Foundation entered into a contract with CHAI to be responsible for the lower-level facility and community interventions component for the implementation of the *M-MAMA Program* in the Kingdom of Lesotho, and putting in place aspects of the emergency referral and transportation system across the country. This includes enrolling community drivers, setting up dispatch centers, and liaising with communities and local authorities.
- e) In August 2018, the Foundation entered into a contract with THEnet to perform an external evaluation of the Foundation's *Treat & Train Programs* at BMC, Catholic University of Health and Allied Sciences, Sengerema Designated District Hospital, Sekou Toure Regional Hospital and Shinyanga Regional Referral Hospital.
- f) In April 2017, the Foundation entered into an agreement with MGHC as part of its *Nursing Rotations* project in Mwanza and Shinyanga, Tanzania. Under this agreement, which was funded by Vitol Foundation, MGHC provides technical assistance in order to prepare the Foundation's in-country partners in becoming clinical training centers of excellence for nursing education.

TOUCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

Note 4 - Grant Expenses and Grants Payable (cont'd.)

- g) In September 2018, the Foundation entered into a contract with BMC for general support to the institution and for their assistance with implementation of the Foundation's *Health System Strengthening Program*, which focuses on reducing hypertension in pregnant women and health workers.

Note 5 - Donated Goods and Services

Donated goods and services revenue consisted of the following for the years ended September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Professional services	\$ 152,737	\$ 168,034
Materials and supplies	-	25,058
Facilities	-	9,750
	<u>\$ 152,737</u>	<u>\$ 202,842</u>

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions available at September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
M-Mama Program	\$ 4,485,593	\$ 6,537,090
Health Technology Management	510,505	759,469
FBO/Private Practice Program	132,495	228,646
Rheumatic Heart Disease Program	-	60,169
	<u>\$ 5,128,593</u>	<u>\$ 7,585,374</u>

Net assets with donor restrictions were released from restrictions during the years ended September 30, 2020 and 2019 by incurring expenses satisfying the following:

	<u>2020</u>	<u>2019</u>
M-Mama Program	\$ 2,151,903	\$ 1,671,150
Health Technology Management	258,072	390,129
FBO/Private Practice Program	96,151	-
Rheumatic Heart Disease Program	60,169	181,783
HRH, Deployment & Retention and Policy	-	48,993
Treat & Train Program	-	37,500
Nursing Rotations	-	19,063
Analyst Support	-	11,250
	<u>\$ 2,566,295</u>	<u>\$ 2,359,868</u>

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Note 7 - Related Party Transactions

Facilities, goods and services donated by McKinsey & Company (“McKinsey”) amounted to approximately \$0 and \$3,000 for the years ended September 30, 2020 and 2019, respectively. Six members of the Foundation’s board of directors have served as partners, directors, or principals at McKinsey in the past, including the current chairman of the Foundation, who was a director of McKinsey until January 2012, and has held the title Senior Partner Emeritus at McKinsey since then. Additionally, two current directors continue to hold the titles of Senior Partner and Partner at McKinsey.

Legal services donated by Stroock & Stroock & Lavan LLP (“Stroock”) amounted to approximately \$114,000 and \$121,000 for the years ended September 30, 2020 and 2019, respectively. Services provided by Stroock consisted of advice on organizational and board matters, governance issues, tax compliance, grant making, agreements, intellectual property, fundraising, and employment issues. A partner of Stroock is a director of the Foundation, and a special counsel of Stroock is the secretary of the Foundation.

Note 8 - Refundable Advance

In April 2020, the Foundation received a \$245,900 conditional payment from a financial institution under the Paycheck Protection Program (“PPP”), established by the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) administered by the Small Business Administration with support from the Department of the Treasury. Under the terms of the CARES Act and the PPP, the Foundation can apply for and be granted forgiveness for all or a portion of the proceeds issued to the extent they are used in accordance with the PPP. At this time, the Foundation believes that its use of the proceeds will meet the conditions for forgiveness under the PPP and expects the funds to be recorded as income when it is probable that forgiveness conditions have been met.

Note 9 - Employee Benefit Plan

The Foundation sponsors a 401(k) profit-sharing plan for all eligible employees. Contributions to the plan are determined pursuant to a formula. Foreign employees not eligible for the 401(k) profit-sharing plan receive their retirement contribution from the Foundation as a direct payment. Total contributions made on behalf of the employees amounted to approximately \$52,000 and \$44,000 for the years ended September 30, 2020 and 2019, respectively

Note 10 - Contingencies

As a result of the spread of the coronavirus disease (“COVID-19”), economic uncertainties have arisen which are likely to negatively impact the recognition of government grants and contribution income, and the collectability of receivables. Other financial impact could occur, though such potential impact is unknown at this time.

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Note 11 - Available Resources and Liquidity

The Foundation manages its liquidity and financial resources with a level of prudence that emphasizes financial soundness and stability in order to maintain adequate liquid assets to fund near-term operating needs. The following reflects the Foundation's financial assets at September 30, 2020, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,252,988	\$ 867,117
Contributions and grants receivable, net	<u>5,049,587</u>	<u>7,342,968</u>
Total financial assets	<u>6,302,575</u>	<u>8,210,085</u>
Less: Contractual or donor-imposed restrictions		
Receivables due in more than one year	(2,234,574)	(3,618,487)
Donor-imposed purpose restricted net assets to be spent in more than one year	<u>(936,097)</u>	<u>(3,881,934)</u>
Total contractual or donor-imposed restrictions	<u>(3,170,671)</u>	<u>(7,500,421)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,131,904</u>	<u>\$ 709,664</u>

Note 12 - Subsequent Events

The Foundation has evaluated all events or transactions that occurred after September 30, 2020 through March 5, 2021, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.