

TOUCH FOUNDATION, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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, 2021 and 2020, 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York

April 11, 2022

TOUCH FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash and cash equivalents	\$ 596,357	\$ 1,252,988
Contributions and grants receivable, net (Note 3)	3,395,634	5,049,587
Prepaid and other assets	97,749	98,943
Fixed assets, net	5,637	4,027
	\$ 4,095,377	\$ 6,405,545
TOTAL ASSETS	\$ 4,095,377	\$ 6,405,545

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable and accrued expenses	\$ 60,339	\$ 33,737
Refundable advances (Note 8)	10,981	245,900
	71,320	279,637
Total liabilities	71,320	279,637
CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	1,152,271	997,315
With donor restrictions (Note 6)	2,871,786	5,128,593
	4,024,057	6,125,908
Total net assets	4,024,057	6,125,908
TOTAL LIABILITIES AND NET ASSETS	\$ 4,095,377	\$ 6,405,545

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

TOUCH FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE:						
Revenue and other support:						
Contributions	\$ 1,409,261	\$ 117,545	\$ 1,526,806	\$ 1,962,699	\$ 109,514	\$ 2,072,213
Government grants	1,087,996	-	1,087,996	845,824	-	845,824
Donated goods and services (Notes 5 and 7)	108,475	-	108,475	152,737	-	152,737
Investment gain	1,325	-	1,325	1,564	-	1,564
Net assets released from restrictions (Note 6)	2,374,352	(2,374,352)	-	2,566,295	(2,566,295)	-
Total revenue and other support	4,981,409	(2,256,807)	2,724,602	5,529,119	(2,456,781)	3,072,338
EXPENSES:						
Program Services:						
Grants and program activities (Note 4)	3,565,868	-	3,565,868	3,857,047	-	3,857,047
Supporting Services:						
Management and general	887,960	-	887,960	925,146	-	925,146
Fundraising	372,625	-	372,625	340,673	-	340,673
Total expenses	4,826,453	-	4,826,453	5,122,866	-	5,122,866
CHANGE IN NET ASSETS	154,956	(2,256,807)	(2,101,851)	406,253	(2,456,781)	(2,050,528)
NET ASSETS, BEGINNING OF YEAR	997,315	5,128,593	6,125,908	591,062	7,585,374	8,176,436
NET ASSETS, END OF YEAR	<u>\$ 1,152,271</u>	<u>\$ 2,871,786</u>	<u>\$ 4,024,057</u>	<u>\$ 997,315</u>	<u>\$ 5,128,593</u>	<u>\$ 6,125,908</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, 2021

	Program Services	Supporting Services			Total
	Grants and Program Activities	Management and General	Fundraising	Total Supporting Services	
Grants (Note 4)	\$ 1,571,208	\$ -	\$ -	\$ -	\$ 1,571,208
Donated goods and services	26,893	80,539	1,043	81,582	108,475
Salaries and related expenses	1,381,504	502,042	203,557	705,599	2,087,103
Travel	42,860	5,718	16	5,734	48,594
Professional and consulting fees	489,418	177,621	103,889	281,510	770,928
Telephone	2,589	4,183	-	4,183	6,772
Printing, publications and postage	4,650	58,238	39,450	97,688	102,338
Medical equipment and supplies	3,327	-	-	-	3,327
Office supplies and other miscellaneous	13,805	8,735	19,411	28,146	41,951
Occupancy	24,133	37,220	-	37,220	61,353
Equipment and maintenance	5,481	7,774	5,259	13,033	18,514
Depreciation	-	1,726	-	1,726	1,726
Insurance	-	4,164	-	4,164	4,164
Total Expenses	\$ 3,565,868	\$ 887,960	\$ 372,625	\$ 1,260,585	\$ 4,826,453

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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,101,851)	\$ (2,050,528)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Donated investments	-	(10,044)
Realized gain on sale of investments	-	(65)
Depreciation	1,726	1,059
Refundable advances	(245,900)	-
Decrease (increase) in:		
Contributions and grants receivable	1,653,953	2,293,381
Prepaid and other assets	1,194	(21,346)
Increase (decrease) in:		
Accounts payable and accrued expenses	26,602	(78,520)
Refundable advances	10,981	-
Grants payable	-	(3,000)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(653,295)</u>	<u>130,937</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	-	10,109
Purchase of fixed assets	<u>(3,336)</u>	<u>(1,075)</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(3,336)</u>	<u>9,034</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from refundable advances	<u>-</u>	<u>245,900</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>245,900</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(656,631)	385,871
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,252,988</u>	<u>867,117</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 596,357</u>	<u>\$ 1,252,988</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING TRANSACTIONS:		
Refundable advances	<u>\$ 245,900</u>	<u>\$ -</u>

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

TOUCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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

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.

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, 2021, management has determined that no allowance for doubtful accounts was necessary.

TOUCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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

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 Refundable Advances

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.

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:

TOUCH FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021 AND 2020

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

Contributions (cont'd.)

<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.

Accounting for Uncertainty in Income Taxes

The Foundation 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 2018.

TOUCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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

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 Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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*.

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.

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

TOUCH FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021 AND 2020

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

Concentration of Credit Risk

The Foundation maintains cash balances in several financial institutions. Such balances 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, 2021 and 2020 were comprised of the following:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 2,306,886	\$ 2,815,013
One to five years	1,096,359	2,241,044
	<u>3,403,245</u>	<u>5,056,057</u>
Less: Discount to net present value (with rates ranging from 0.13% to 0.53%)	7,611	6,470
	<u>\$ 3,395,634</u>	<u>\$ 5,049,587</u>

At September 30, 2021, contributions and grants receivable from three donors accounted for approximately 89% of the total contributions and grants receivable balance. Three donors and two U.S. government agencies accounted for approximately 67% of contributions and government grant revenue for the year ended September 30, 2021.

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.

Note 4 - Grant Expenses and Grants Payable

Grant expenses and grants payable at September 30, 2021 consist of the following:

	<u>Grant Expenses</u>	<u>Grants Payable</u>
a) Touch Foundation Tanzania ("Touch TZ")	\$ 877,310	\$ -
b) Pathfinder International ("Pathfinder")	342,194	-
c) Clinton Health Access Initiative ("CHAI")	328,704	-
d) D-tree International ("D-tree")	23,000	-
	<u>\$ 1,571,208</u>	<u>\$ -</u>

TOUCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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

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

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

A description of each of the grants for the years ended September 30, 2021 and 2020 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 TZ is registered in the United Republic of Tanzania. Under the governing documents, the Foundation, four of Touch TZ's six 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 *m-mama Phase II* 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.
- c) 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.

TOUCH FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021 AND 2020

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

d) 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 Phase II* 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 Bugando Medical Centre ("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.

Note 5 - Donated Goods and Services

Donated goods and services revenue consisted of the following for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Professional services	\$ 108,475	\$ 152,737

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions available at September 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
M-Mama Program	\$ 2,487,025	\$ 4,485,593
Health Technology Management	306,194	510,505
FBO/Private Practice Program	78,567	132,495
	<u>\$ 2,871,786</u>	<u>\$ 5,128,593</u>

TOUCH FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021 AND 2020

Note 6 - Net Assets With Donor Restrictions (cont'd.)

Net assets with donor restrictions were released from restrictions during the years ended September 30, 2021 and 2020 by incurring expenses satisfying the following:

	<u>2021</u>	<u>2020</u>
M-Mama Program	\$ 2,116,113	\$ 2,151,903
Health Technology Management	204,311	258,072
FBO/Private Practice Program	53,928	96,151
Rheumatic Heart Disease Program	-	60,169
	<u>\$ 2,374,352</u>	<u>\$ 2,566,295</u>

Note 7 - Related Party Transactions

Legal services donated by Stroock & Stroock & Lavan LLP (“Stroock”) amounted to approximately \$88,000 and \$114,000 for the years ended September 30, 2021 and 2020, 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 director of the Foundation was a partner of Stroock through May 2021, and the secretary of the Foundation is a special counsel of Stroock.

Note 8 - Refundable Advances

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 (“SBA”) 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 that they are used in accordance with the PPP. In May 2021, the Foundation was granted forgiveness for the full amount by the SBA. As a result, \$245,900 is reported in government grants on the statement of activities for the year ended September 30, 2021.

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 \$44,000 and \$52,000 for the years ended September 30, 2021 and 2020, respectively.

Note 10 - Contingencies

Pursuant to the Foundation’s contractual relationships with certain funding sources, governmental and outside agencies have the right to examine the books and records of the Foundation involving transactions relating to these contracts. The accompanying financial statements make no provisions for possible audit adjustments that may arise from such examinations.

TOUCH FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021 AND 2020

Note 10 - Contingencies (cont'd.)

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.

The SBA may elect to undertake a review of the PPP proceeds of any size greater than \$150,000 during the six-year period following forgiveness of the monies, which is May 2027. If selected, the review would include the forgiveness application, including whether the Foundation met the eligibility requirements of the PPP and received the proper amount. Whether the Foundation will be selected for an SBA review, as well as the timing and outcome, is uncertain.

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, 2021, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 596,357	\$ 1,252,988
Contributions and grants receivable, net	3,395,634	5,049,587
Total financial assets	3,991,991	6,302,575
Less: Contractual or donor-imposed restrictions		
Receivables due in more than one year	(1,088,748)	(2,234,574)
Donor-imposed purpose restricted net assets to be spent in more than one year	(1,783,038)	(936,097)
Total contractual or donor-imposed restrictions	(2,871,786)	(3,170,671)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,120,205	\$ 3,131,904

Note 12 - Subsequent Events

The Foundation has evaluated all events or transactions that occurred after September 30, 2021 through April 11, 2022, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.