

Consolidated Financial Statements and
Supplementary Information Together
with Report of Independent Certified
Public Accountants

Americares Foundation, Inc. and Affiliate

June 30, 2021 and 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Americares Foundation, Inc.

We have audited the accompanying consolidated financial statements of Americares Foundation, Inc. and affiliate (collectively, "Americares"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Americares Foundation, Inc. and affiliate as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position as of June 30, 2021, consolidating schedule of activities for the year ended June 30, 2021, schedule of functional expenses - Americares Foundation, Inc. for the year ended June 30, 2021, and schedule of functional expenses - Americares Free Clinics, Inc. for the year ended June 30, 2021 are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the 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, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
November 2, 2021

Americares Foundation, Inc. and Affiliate

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,
(In thousands)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 17,650	\$ 25,019
Investments	52,351	34,585
Contributions receivable, net	5,273	3,527
Other receivables	2,152	558
Inventory, net	290,796	347,494
Prepaid expenses and other assets	6,438	6,180
	<u>374,660</u>	<u>417,363</u>
Noncurrent assets		
Other assets		
Contributions receivable, net	4,352	4,511
Property held for investment	36	36
Beneficial interest in split-interest agreements -		
Perpetual assets held in trust	3,843	3,229
Trust agreements	56	53
	<u>8,287</u>	<u>7,829</u>
Total other assets		
	<u>8,287</u>	<u>7,829</u>
Property and equipment		
Building and land	1,323	1,323
Furniture and equipment	5,616	4,564
Leasehold improvements	3,664	3,643
Accumulated depreciation and amortization	(7,433)	(6,831)
	<u>3,170</u>	<u>2,699</u>
Net property and equipment		
	<u>3,170</u>	<u>2,699</u>
Total noncurrent assets		
	<u>11,457</u>	<u>10,528</u>
Total assets		
	<u>\$ 386,117</u>	<u>\$ 427,891</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,059	\$ 6,623
Committed subgrants	892	431
Deferred revenue	3,717	4,111
	<u>13,668</u>	<u>11,165</u>
Total current liabilities		
	<u>13,668</u>	<u>11,165</u>
Noncurrent liabilities		
Liabilities under split-interest agreements	4,577	4,180
Loan payable and capital leases	337	370
	<u>4,914</u>	<u>4,550</u>
Total noncurrent liabilities		
	<u>4,914</u>	<u>4,550</u>
Total liabilities		
	<u>18,582</u>	<u>15,715</u>
Net assets		
Without donor restrictions	111,015	47,131
With donor restrictions	256,520	365,045
	<u>367,535</u>	<u>412,176</u>
Total net assets		
	<u>367,535</u>	<u>412,176</u>
Total liabilities and net assets		
	<u>\$ 386,117</u>	<u>\$ 427,891</u>

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

Americares Foundation, Inc. and Affiliate
CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended June 30,
(In thousands)

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Public support:						
Contributions and private grants	\$ 39,224	\$ 33,032	\$ 72,256	\$ 33,776	\$ 41,181	\$ 74,957
Government grants	12,794	-	12,794	4,669	-	4,669
Donated medical and disaster supplies	222,200	925,115	1,147,315	151,695	1,215,074	1,366,769
Contributed services, facilities and freight	11,038	-	11,038	8,916	-	8,916
Net assets released from restrictions	1,067,787	(1,067,787)	-	1,041,998	(1,041,998)	-
Total public support	1,353,043	(109,640)	1,243,403	1,241,054	214,257	1,455,311
Investment and fee revenue:						
Net investment return	6,878	471	7,349	829	(112)	717
Other revenue	2,709	27	2,736	2,222	5	2,227
Change in value of split-interest agreements	(101)	617	516	(199)	(172)	(371)
Total revenue	9,486	1,115	10,601	2,852	(279)	2,573
Total support and revenue	1,362,529	(108,525)	1,254,004	1,243,906	213,978	1,457,884
Expenses:						
Program services:						
Distribution of donated medical and disaster supplies	1,115,912	-	1,115,912	1,017,333	-	1,017,333
Other program expenses	160,364	-	160,364	223,783	-	223,783
Total program services	1,276,276	-	1,276,276	1,241,116	-	1,241,116
Supporting services:						
Management and general	8,235	-	8,235	6,578	-	6,578
Fundraising	14,134	-	14,134	14,113	-	14,113
Total supporting services	22,369	-	22,369	20,691	-	20,691
Total expenses	1,298,645	-	1,298,645	1,261,807	-	1,261,807
CHANGE IN NET ASSETS	63,884	(108,525)	(44,641)	(17,901)	213,978	196,077
Net assets, beginning of year	47,131	365,045	412,176	65,032	151,067	216,099
Net assets, end of year	\$ 111,015	\$ 256,520	\$ 367,535	\$ 47,131	\$ 365,045	\$ 412,176

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

Americares Foundation, Inc. and Affiliate

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021, with summarized comparative information for the year ended June 30, 2020
(In thousands)

	2021							2020
	Program Services				Supporting Services			Total
	Access to Medicine	Emergency Programs	Clinical Services and Community Health	Total	Management and General	Fundraising	Total	
Functional expenses:								
Salaries and related payroll expenses	\$ 3,949	\$ 8,262	\$ 9,863	\$ 22,074	\$ 6,152	\$ 5,816	\$ 34,042	\$ 28,011
Rent and other occupancy costs	675	527	859	2,061	229	380	2,670	2,925
Distribution of donated medical and disaster supplies	1,091,592	22,302	2,018	1,115,912	-	-	1,115,912	1,017,333
Other grants, awards, relief supplies and destruction	90,894	3,855	750	95,499	-	-	95,499	174,985
Grants to other agencies	471	4,654	3,000	8,125	-	-	8,125	3,764
Professional fees and contract services	369	3,910	11,468	15,747	918	3,305	19,970	15,690
Office supplies and equipment	370	381	495	1,246	301	746	2,293	2,066
Telephone	49	78	103	230	27	183	440	370
Postage, shipping and warehousing	9,740	1,687	506	11,933	7	815	12,755	8,697
Equipment and software rental	63	63	116	242	18	29	289	236
Promotional expenses	57	39	149	245	21	2,406	2,672	3,286
Travel	47	391	187	625	3	4	632	1,917
Insurance and miscellaneous	49	1,084	659	1,792	498	397	2,687	1,947
Depreciation	159	108	278	545	61	53	659	580
Total functional expenses	\$ 1,198,484	\$ 47,341	\$ 30,451	\$ 1,276,276	\$ 8,235	\$ 14,134	\$ 1,298,645	\$ 1,261,807

The accompanying notes are an integral part of this consolidated financial statement.

Americares Foundation, Inc. and Affiliate
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2020
(In thousands)

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Access to Medicine</u>	<u>Emergency Programs</u>	<u>Clinical Services and Community Health</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Functional expenses:							
Salaries and related payroll expenses	\$ 3,458	\$ 7,588	\$ 7,650	\$ 18,696	\$ 4,157	\$ 5,158	\$ 28,011
Rent and other occupancy costs	600	793	816	2,209	384	332	2,925
Distribution of donated medical and disaster supplies	995,186	19,644	2,503	1,017,333	-	-	1,017,333
Other grants, awards, relief supplies and destruction	168,847	5,909	229	174,985	-	-	174,985
Grants to other agencies	393	2,067	1,304	3,764	-	-	3,764
Professional fees and contract services	352	2,344	9,019	11,715	935	3,040	15,690
Office supplies and equipment	125	418	253	796	568	702	2,066
Telephone	46	79	85	210	36	124	370
Postage, shipping and warehousing	6,088	840	738	7,666	5	1,026	8,697
Equipment and software rental	50	54	69	173	22	41	236
Promotional expenses	57	159	115	331	10	2,945	3,286
Travel	159	1,211	292	1,662	58	197	1,917
Insurance and miscellaneous	-	868	237	1,105	344	498	1,947
Depreciation	133	79	259	471	59	50	580
Total functional expenses	<u>\$ 1,175,494</u>	<u>\$ 42,053</u>	<u>\$ 23,569</u>	<u>\$ 1,241,116</u>	<u>\$ 6,578</u>	<u>\$ 14,113</u>	<u>\$ 1,261,807</u>

The accompanying notes are an integral part of this consolidated financial statement.

Americares Foundation, Inc. and Affiliate
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30,
(In thousands)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (44,641)	\$ 196,077
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	659	581
Net realized gain on investments	(2,110)	(476)
Net unrealized (gain) loss on fair value of investments	(4,336)	923
Donated investments	(6,921)	(5,737)
Realized and unrealized loss (gain) on property held for investment and contributed stock	26	(18)
Contributions restricted for endowment	(25)	-
Changes in assets and liabilities:		
(Increase) decrease in other receivables	(1,594)	249
Increase in contributions receivable	(1,587)	(2,492)
Decrease (increase) in inventory	56,698	(182,038)
Increase in prepaid expenses and other assets	(258)	(1,537)
(Increase) decrease in beneficial interest in split-interest agreements	(617)	177
Increase in accounts payable and accrued expenses	2,436	339
Increase (decrease) in committed subgrants	461	(570)
(Decrease) increase in deferred revenue	(394)	3,908
Increase in liabilities under split-interest agreements	397	1,283
	(1,806)	10,669
Cash flows from investing activities:		
Purchase of property and equipment	(1,130)	(902)
Proceeds from sale of assets held for investments	-	182
Proceeds from sale of investments	37,470	18,829
Purchases of investments	(41,895)	(21,101)
	(5,555)	(2,992)
Cash flows from financing activities:		
Proceeds from contributions restricted for endowment	25	-
Payments of capital leases	(33)	(34)
	(8)	(34)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,369)	7,643
Cash and cash equivalents, beginning of year	25,019	17,376
Cash and cash equivalents, end of year	\$ 17,650	\$ 25,019

Supplemental cash flow information:

Noncash items for fiscal years 2021 and 2020 included \$1,147,315 and \$1,366,769 of donated medical and disaster relief supplies, respectively, and \$11,038 and \$8,916 of contributed services and facilities, respectively. Cash used in operating activities included cash paid for interest of \$4 and \$4 in fiscal years 2021 and 2020, respectively.

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

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020
(In thousands)

NOTE 1 - ORGANIZATION

Americares Foundation, Inc. (the "Foundation") is a not-for-profit organization established in 1979, which principally provides medicine, emergency medical supplies and other disaster relief aid to those in need throughout the world. In addition, Americares sponsors Americares Free Clinics, Inc. (the "Clinics"), an affiliated organization, which operates four free health clinics in Connecticut.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include Americares Foundation, Inc. and its affiliated organization (together "Americares") as described in Note 1 and have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") using the accrual basis of accounting. All inter-company amounts have been eliminated in consolidation.

Net Assets

Net assets and related revenues and support are classified based upon the existence or absence of donor-imposed stipulations, as follows:

Net Assets without Donor Restrictions

Includes all resources that are expendable for carrying on Americares' general mission with no donor restrictions but may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Also included in net assets without donor restrictions are certain planned giving amounts received that have been designated by management to function as an endowment.

Net Assets with Donor Restrictions

Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or are for expenditure on a specific program or in a specific geographic location. These donor-imposed stipulations can be fulfilled and removed by the actions of Americares pursuant to those stipulations.

Net assets with donor restrictions also includes the corpus of gifts, which must be maintained in perpetuity, but allow for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes in accordance with donor stipulations.

Americares receives gifts of cash and other assets with donor stipulations that limit the use of donated assets. When the donor-restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Americares classifies short-term highly liquid investments with original maturities of three months or less as cash equivalents. Americares places its cash and cash equivalents in institutions and funds of high credit quality. Americares maintains cash at financial institutions that periodically exceed federally insured amounts. Americares has not experienced any loss in such accounts and believes it is not exposed to any significant risk on cash.

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(In thousands)

Contributions

Americares records contributions, including unconditional promises to give, in the period received or pledged. Contributions are recorded at the fair value of the assets received and are classified as either without donor restrictions or with donor restrictions, depending on whether the donor has imposed a restriction on the use of such assets.

Pledged contributions not expected to be received within one year are recognized as support with donor restrictions and are discounted using a credit-adjusted discount rate assigned in the year the pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. Americares writes-off contributions receivable when they become uncollectible, and payments subsequently received are recorded as income in the period received. As of June 30, 2021 and 2020, there were no allowances for uncollectible contributions receivables.

Americares' policy is to report gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long such assets must be maintained, Americares reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Government Grants

Revenues from government grants are recognized when earned, that is, generally as the related costs are incurred under the grant or contract agreements. Amounts expended in excess of reimbursements are reported as other receivables. Amounts received in advance are reported as an accrued liability.

The carrying value of receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and, therefore, approximates net realizable value. Receivables are written-off when deemed uncollectible.

Donated Medical Inventory and Disaster Supplies

Upon receipt, Americares reports gifts of donated inventory and supplies as support without donor restrictions unless explicit donor stipulations specify how or where the donated supplies must be used. Gifts of donated inventory and supplies with explicit restrictions that specify how or where the assets are to be used are reported as support with donor restrictions. Additionally, where donated inventory or supplies may be restricted by donors to be used outside the United States of America, such donations were utilized in international health services and natural disaster services. In valuing contributed pharmaceuticals otherwise legally permissible for sale in the United States of America (the principal market), Americares recognizes such gifts on the date received at wholesale acquisition cost ("WAC"), which approximates the exit price in the United States of America. Americares has determined that the WAC is the most appropriate estimate of the fair value for its donated medical inventory and supplies. Americares estimates the WAC by using published industry information such as IBM Micromedex's "Red Book" and First Databank, which are industry-recognized drug and pricing reference guides for pharmaceuticals in the United States. For products not available in the Red Book or First Databank, the wholesale value is provided by the donor or estimated using publicly available pricing sources. In valuing pharmaceuticals not legally permissible for sale in the United States of America (and primarily consumed in developing markets), Americares used third-party sources representing wholesale exit prices in the developing markets in which the products are approved for sale (that is, the principal markets).

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(In thousands)

Americares operates a Patient Assistance Program (“PAP”) through which it receives gifts in kind of donated medical supplies. This program’s pharmaceutical donations totaled \$658,253 and \$525,708 for the years ended June 30, 2021 and 2020, respectively. Additionally, Americares received gifts of cash to assist with the funding of PAP costs totaling \$6,627 and \$5,360 for the years ended June 30, 2021 and 2020, respectively. These donations are used to provide drugs to needy patients in the United States of America who have met various eligibility criteria and who would not otherwise be able to afford them. In addition, contributions receivable have been recorded for cash amounts pledged by donors to the PAP program of \$3,349 and \$1,368 for the years ended June 30, 2021 and 2020, respectively.

Inventory

Purchased inventory is carried at cost. Donated inventory is valued at WAC, which approximates fair value, as determined on the date of receipt. Americares monitors its inventory throughout the year and writes-off amounts that have expired or records an allowance for items that may expire before distribution can be made or are known to have become damaged.

Investments

Investments are recorded at fair value based on the quoted market values of the securities; accordingly, the accompanying consolidated statements of activities reflects changes in fair value as increases or decreases in unrealized gain (loss) in fair value of investments. Dividend income is recorded on the ex-dividend date, and interest income is recorded as earned on the accrual basis. Security transactions are recorded on a trade date basis. The cost of marketable securities sold is determined by the specific identification method and realized gains (losses) are reflected in the accompanying consolidated statements of activities.

The Board of Directors appropriates amounts from the donor-restricted endowment in accordance with their established endowment policy. Amounts appropriated are released from restrictions as the Foundation incurs expenditures during the fiscal period in satisfaction of the donor stipulations. Amounts appropriated that have not been spent on qualifying expenditures remain as net assets with donor restrictions.

Fair Value Measurements

Americares follows the guidance that established a framework for measuring fair value and expanding its disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective financial instrument.

The three levels are based on the transparency of inputs as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but trade less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(In thousands)

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to AmeriCares' perceived risk of that investment.

Split-interest Agreements

AmeriCares is the beneficiary of various irrevocable trusts held both by AmeriCares and third-party trustees. Receivables from split-interest agreements held by third-party trustees represent the net present value of an estimate of the funds to be received. The net present value of these receivables was determined by using an estimate of the funds to be received from these trusts, the specified number of periods the funds will be received, and a discount rate determined at the time of the gift.

Liabilities from split-interest agreements result from annuity contracts whereby donors receive life-time income in exchange for a payment to AmeriCares that constitutes part charitable contribution and part purchase of an annuity. The liability is recorded at the present value of the payments to be made based on the donor's life expectancy. Actuarial gains and losses on the present value discount are reflected in the accompanying consolidated statements of activities as change in value of split-interest agreements.

Perpetual Assets Held in Trust

Donors have established and funded trusts which are administered by organizations other than AmeriCares. Under the terms of these trusts, AmeriCares has the irrevocable right to receive all or a portion of the income earned on the trust assets either in perpetuity or for the life of the trust. AmeriCares does not control the assets held by outside trusts. AmeriCares recognizes its interest in the trusts, based on the fair value of the assets contributed to the trusts, as contributions with donor restrictions. Fluctuations in the fair value of these assets are recorded as changes in net assets with donor restrictions in the accompanying consolidated statements of activities.

Property and Equipment

Property and equipment purchased for a value greater than \$5 and with depreciable lives greater than one year are recorded at cost; assets donated to AmeriCares are recorded at fair value on the date of donation. Assets acquired under capital leases are stated at present value of future minimum lease payments at the inception of the lease and are amortized over the shorter period of the lease term or the estimated useful life of the asset. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Furniture and equipment are depreciated over five years. Capitalized software, which is reflected within furniture and equipment on the accompanying consolidated statements of financial position, is depreciated over ten years. Leasehold improvements are amortized over the lesser of the economic life of the assets or the terms of the related leases. Buildings are depreciated over twenty years.

Depreciation expense for each of the years ended June 30, 2021 and 2020 was \$633 and \$580, respectively.

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(In thousands)

Committed Subgrants

Americares makes subgrants and awards to organizations that help in the rehabilitation, rebuilding and recovery efforts of areas suffering as a result of natural or manmade disasters, as well as, complex humanitarian situations. A liability for cash subgrants is recorded when Americares has approved the subgrant and there are unconditional terms with the partner grantee. Committed subgrants beyond one year are recorded at net present value using a risk-free rate of return. At June 30, 2021 and 2020, committed subgrants expected to be distributed in the next fiscal year aggregate to \$892 and \$431, respectively.

Contributed Services, Facilities and Freight

Americares receives services and supplies provided by a wide variety of organizations and professionals who receive no fees or salaries, except for reimbursement of certain travel and related expenses. Contributed services are recognized if the services received 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 provided by donation. Americares records the fair value of contributed services, facilities and freight as revenue, with an equivalent amount recorded as expense.

Allocation of Expenses

Amounts for salaries, office supplies, occupancy and other similar items are allocated to program or supporting services based on allocation factors such as square footage (used for allocation of rent, utilities and building maintenance), headcount (used for allocation of insurance, telephone and software) and budgeted costs (for example, software budgeted as an IT cost, but allocated to programs). These allocation factors are representative of cost consumption and depend on the nature of the activity for which the expense was incurred.

Concentration of Credit Risk

Cash and investments are exposed to various risks, such as interest rate, market, and credit risks. The Foundation maintains its cash and cash equivalents in various bank deposit accounts that, at times, may exceed federally insured limits. To minimize such risks, Americares maintains its cash in various bank deposit accounts and in diversified institutions and, accordingly, Americares does not expect nonperformance.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, other receivables, prepaid expenses and other assets, and accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

The carrying value of contributions receivable is believed to approximate the amounts which will ultimately be realized and is calculated at the net present value of anticipated future cash flows.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include valuation reserves for inventories. While Americares believes that these estimates are reasonable, actual results could differ from such estimates.

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(In thousands)

Recent Accounting Pronouncements

Adopted in the Current Period

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The adoption of ASU 2014-09, effective July 1, 2020, did not have a material impact on AmeriCares consolidated financial statements.

Effective in Future Periods

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset.

In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which deferred the effective date of ASU 2016-02. The guidance permits eligible entities to defer the adoption of Topic 842 until the period beginning after December 15, 2021 (i.e., the Foundation's fiscal year 2023). The Foundation has elected to defer the implementation of Topic 842 and is currently evaluating the new guidance and has not determined the impact this standard may have on the consolidated financial statements nor decided upon the method of adoption.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets within the financial statements of not-for-profit entities through the enhancement of the presentation and disclosure of such activities. Under the new guidance, not-for-profit entities are required to present contributed nonfinancial assets as a separate line item in the statement of activities and disclose certain information related to contributed nonfinancial assets received during the period, including but not limited to: (1) a disaggregation of the amount of contributed nonfinancial assets by type; (2) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the period; (3) a description of donor-imposed restrictions associated with nonfinancial assets; and (4) the principal market used to arrive at a fair value measure if it is a market in which the recipient not-for-profit entity is prohibited by donor-imposed restriction from selling or using the contributed nonfinancial assets. The new guidance is effective for fiscal years beginning after June 15, 2021, and interim periods with fiscal years beginning after June 15, 2022 (i.e., fiscal year 2022). Early adoption is permitted and amendments should be applied on a retrospective basis. Management is currently evaluating the impact that ASU 2020-07 will have on the consolidated financial statements.

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2021 and 2020
(In thousands)**

NOTE 3 - INVESTMENTS

Investments, at fair value, consisted of and are classified as follows within the fair value hierarchy:

	2021			2020		
	Level 1	Level 3	Total	Level 1	Level 3	Total
Fixed income	\$ 24,026	\$ -	\$ 24,026	\$ 16,472	\$ -	\$ 16,472
Equity securities	27,304	-	27,304	15,932	-	15,932
Other	1,021	-	1,021	2,181	-	2,181
	<u>52,351</u>	<u>-</u>	<u>52,351</u>	<u>34,585</u>	<u>-</u>	<u>34,585</u>
Beneficial interest in split-interest agreements -						
Perpetual assets held in trust	-	3,843	3,843	-	3,229	3,229
Trust agreements	-	56	56	-	53	53
	<u>-</u>	<u>3,899</u>	<u>3,899</u>	<u>-</u>	<u>3,282</u>	<u>3,282</u>
Total	<u>\$ 52,351</u>	<u>\$ 3,899</u>	<u>\$ 56,250</u>	<u>\$ 34,585</u>	<u>\$ 3,282</u>	<u>\$ 37,867</u>

The following table summarizes the changes in Level 3 investments for the years ended June 30, 2021 and 2020:

	2021	2020
Balance at beginning of year	\$ 3,282	\$ 3,459
Contributions	9	4
Unrealized gain (loss)	608	(181)
Balance at end of year	<u>\$ 3,899</u>	<u>\$ 3,282</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions expected to be collected after one year have been discounted using a discount rate of 1.48% and 0.7% for the years ended June 30, 2021 and 2020, respectively, and are reflected on the accompanying consolidated financial statements at net present value.

Contributions receivable, net at June 30, 2021 and 2020, are due as follows:

	2021	2020
Less than one year	\$ 5,273	\$ 3,527
One to three years	4,520	4,626
Total contributions receivable	9,793	8,153
Less: discount to present value	(168)	(115)
Total contributions receivable, net	<u>\$ 9,625</u>	<u>\$ 8,038</u>

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(In thousands)

NOTE 5 - INVENTORY

Inventory balances as of June 30, 2021 and 2020 were composed of the following:

	<u>2021</u>	<u>2020</u>
Medicines	\$ 338,875	\$ 423,055
Medical devices and nonmedical supplies	18,927	11,260
Other assorted	<u>1,006</u>	<u>7,179</u>
 Total inventory	 358,808	 441,494
 Less: allowance for obsolescence	 <u>(68,012)</u>	 <u>(94,000)</u>
 Total inventory, net	 <u>\$ 290,796</u>	 <u>\$ 347,494</u>

Medical inventory decreased in fiscal year 2021 mainly due to the mix of products (value and type of medicine) versus in fiscal year 2020. In addition, fiscal year 2020 ending inventory included some high value medicine gifts. In fiscal year 2021, due to international shipping challenges and that it is taking longer to move sea containers, there has also been a decrease in accepting medicines with a shorter expiration date range.

NOTE 6 - CONTRIBUTED SERVICES, FACILITIES AND FREIGHT

For the years ended June 30, 2021 and 2020, contributed services, facilities and freight included the following:

	<u>2021</u>	<u>2020</u>
Professional services	\$ 10,397	\$ 8,379
Other contributed services and facilities	499	416
No-charge freight	<u>142</u>	<u>121</u>
	<u>\$ 11,038</u>	<u>\$ 8,916</u>

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(In thousands)

NOTE 7 - NET ASSETS

Americares' net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2021</u>	<u>2020</u>
Purpose restricted:		
Disaster relief:		
Donated inventory	\$ 218,798	\$ 325,682
Donated cash and pledges	19,946	23,062
Clinics	<u>3,904</u>	<u>4,737</u>
	<u>242,648</u>	<u>353,481</u>
Time restricted	8,381	6,712
Endowment funds subject to Americares' appropriation and satisfaction of donor restrictions - original corpus	1,648	1,623
Perpetual trusts	<u>3,843</u>	<u>3,229</u>
 Total	 <u>\$ 256,520</u>	 <u>\$ 365,045</u>

The decrease in purpose restricted, donated inventory is mainly due to the mix of products (value and type of medicine) on hand at fiscal year 2021 versus at fiscal year 2020. Also, in fiscal year 2020, ending inventory included some high value medicine gifts.

NOTE 8 - ENDOWMENTS AND LIABILITIES UNDER SPLIT-INTEREST AGREEMENTS

Americares has received donor-restricted endowment contributions of perpetual duration and classified these funds as net assets with donor restrictions, with the appreciation available for the general purposes of Americares. Americares' investment policy requires that endowment funds be invested in Level 1 assets and provides management with an asset allocation guideline, which provides flexibility for management of the portfolio to achieve long-term growth, without excessive risk. Americares follows guidance which, among other things, addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). A key component of this guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as held in perpetuity as net assets with donor restrictions until appropriated for expenditure. This standard requires new disclosures about an organization's donor-restricted and board-designated (quasi) endowment funds. During 2008, Connecticut enacted UPMIFA into law. Management of Americares has interpreted the Connecticut law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Americares would classify as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the donor-restricted endowment; and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if any. The remaining portion of the donor-restricted endowment fund includes the accumulated unspent earnings on the donor-restricted endowment funds that remains within net assets with donor restrictions until those amounts are appropriated for expenditure by Americares in a manner consistent with the standard of prudence prescribed by UPMIFA.

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2021 and 2020
(In thousands)**

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, June 30, 2019	\$ 2,733	\$ 1,788	\$ 4,521
Management designations and donor gifts	1,125	-	1,125
Net investment return	29	12	41
Endowment assets, June 30, 2020	3,887	1,800	5,687
Management designations and donor gifts	4,531	25	4,556
Net investment return	1,672	466	2,138
Transfer	39	(39)	-
Withdrawal	-	(172)	(172)
Endowment assets, June 30, 2021	<u>\$ 10,129</u>	<u>\$ 2,080</u>	<u>\$ 12,209</u>

As of June 30, 2021 and 2020, perpetual assets held in trusts totaling \$3,843 and \$3,229, respectively, have been excluded from the above donor-restricted endowment assets. During fiscal year 2021, Americares withdrew \$172 from its endowment to support the implementation of a new enterprise resource planning ("ERP") system.

Management of Americares has removed planning giving gifts from its annual operating budget and has established guidelines for allocating these gifts on an annual basis between the management-directed quasi endowment, an innovation fund, and strategic initiatives or operating funds. These guidelines are reviewed at the end of each fiscal year dependent on the level of planned giving gifts and the financial results for the fiscal year. Management informs the Board of Directors of these decisions. Management designated \$4,531 and \$1,125 for the years ended June 30, 2021 and 2020, respectively, of gifts without donor restrictions for long-term investment in the quasi-endowment (i.e., without donor restrictions). Management has access to such funds and may use them without a resolution from the Board of Directors.

Americares has several charitable gift annuities which are arrangements between donors and Americares. Under these arrangements, donors contribute assets to Americares in exchange for a promise by Americares to pay a fixed amount back to the donor (or individuals designated by the donor) over a period of time. The current and long-term portions of the liability for these arrangements is shown in accounts payable and accrued liabilities and liabilities under split-interest agreements and assets relating these arrangements are included in prepaid expenses and other assets in the accompanying consolidated statements of financial position.

Americares has entered into agreements with insurance companies to reinsure its charitable gift annuity program. Under the terms of these agreements, the insurance companies agreed to assume the risk of changes in the present value of expected future cash flows payable to the annuitants in exchange for cash consideration of \$618 and \$1,362 as of June 30, 2021 and 2020, respectively. Additionally, the insurance companies agreed to fund payments made to beneficiaries over the duration of the annuity. As a result of these transactions, Americares recorded an increase in the fair value of its charitable gift annuities of \$95 and \$182 in fiscal years ended June 30, 2021 and 2020, respectively, which is included in the change in value of split-interest agreements line on the consolidated statements of activities. Subsequent changes in the actuarial present value of Americares' liability to annuitants do not impact the consolidated statements of activities.

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2021 and 2020
(In thousands)**

As of June 30, 2021 and 2020, the FASB actuarial calculation for these arrangements (which equates to the fair value of the reinsurance agreement) was \$5,125 and \$4,663, respectively.

	2021	2020
Balance at beginning of year	\$ 4,663	\$ 3,230
Purchase of reinsurance contract	617	1,362
Change in value of reinsurance contract	(155)	71
Balance at end of year	\$ 5,125	\$ 4,663

Americares is mandated by certain states' laws to keep, as a reserve, certain excess balances related to its annuity contracts, which equaled \$100 at both June 30, 2021 and 2020.

**NOTE 9 - LOAN PAYABLE, LINE OF CREDIT AND PAYCHECK PROTECTION PROGRAM ("PPP")
LOAN**

In November 2016, Americares Free Clinics, Inc. entered into a new unsecured \$300 five-year loan at an annual interest rate of 1% with Northern Trust Company (the "Loan") which is secured by Americares Foundation, Inc. The purpose of the Loan was to repay the \$300 loan from Citizens Bank N.A. (formerly held by Royal Bank of Scotland). The prior loan provided funds toward the renovation of space in the Wheeler Community Center in Bridgeport, Connecticut for a free medical clinic for uninsured low- and moderate-income individuals. Interest expense of \$3 for both the years ended June 30, 2021 and 2020 has been reflected in insurance and miscellaneous expense on the accompanying consolidated statements of activities. At June 30, 2021 and 2020, the outstanding balance on the Loan was \$300. In November 2021, an agreement was executed to extend the maturity date of the Loan to November 2, 2026 under the same conditions.

In fiscal year 2017, Americares entered into an uncommitted \$3,000 line of credit with Northern Trust Company secured by certain Americares investment funds. The line of credit expires in July 2023 and any outstanding balances under the line of credit would accrue interest at the overnight LIBOR rate plus 1.75%. No amounts were drawn down during fiscal years 2021 or 2020.

In fiscal year 2020, the Department of Treasury implemented the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"), which provides potentially forgivable loans to nonprofits with 500 or fewer employees and meeting certain other eligibility requirements. The SBA will forgive loans if employees are maintained on the payroll for 8 to 24 weeks after the loan originates and the loan proceeds received are used for payroll, rent, mortgage, interest or utilities. In April 2020, the Foundation and the Clinics applied for PPP loans and approval was granted. The Foundation received loan proceeds of \$3,642 and the Clinics received loan proceeds of \$415 in May 2020. The Foundation opted to account for PPP loan monies received as a refundable advance until the conditions for recognition as revenue have been satisfied. In May 2021, the Clinics received notice of forgiveness from the SBA and the \$415 forgiveness of debt is included in contributions and private grants, without donor restrictions, in the accompanying consolidated statements of activities. The Foundation balance is included in deferred revenue on the accompanying consolidated statement of financial position as of June 30, 2021. In August 2021, the Foundation also received notice of forgiveness from the SBA, for which revenue will be recognized during the fiscal year ending June 30, 2022.

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(In thousands)

NOTE 10 - INCOME TAXES

The Foundation and the Clinics follow guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

Both the Foundation and the Clinics are exempt from federal income tax under Internal Revenue Code (“IRC”) section 501(c)(3), though they are subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. Americares has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Americares has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

NOTE 11 - SIGNIFICANT DONORS

Most of Americares’ medical, food and other disaster relief supplies (“merchandise”) contributions are received from companies in the pharmaceutical industry. For years ended June 30, 2021 and 2020, the largest contributor accounted for 27% and 16%, respectively, of total merchandise contributions. The three largest contributors accounted for 47% and 38% of total merchandise contributions for the years ended June 30, 2021 and 2020, respectively.

NOTE 12 - EMPLOYEE BENEFITS

Americares established a defined contribution plan for all eligible employees effective January 1, 1992. As of December 31, 2002, Americares modified the plan to include a company matching program in which Americares would match each employee’s contribution to the 401(k) savings plan up to a maximum of 6% of each employee’s salary. Employees enrolling in the 401(k) savings plan after January 1, 2003 become 50% vested in the company match after one year of service and 100% vested after two years. Americares’ contribution was approximately \$1,115 and \$946 for the years ended June 30, 2021 and 2020, respectively.

During fiscal year 2015, Americares established a Non-Qualified Deferred Compensation Plan that is designed in accordance with Section 457 (b) and (f) of the IRS Code covering the CEO of Americares. The 457(f) plan was forfeited in fiscal year 2020, when the CEO left the organization. For the year ended June 30, 2020, \$24 was recognized as expense for this plan. The balance associated with the 457(b) plan was approximately \$19 and \$102 for the years ended June 30, 2021 and 2020, respectively. Plan balances are included in investments and accounts payable and accrued liabilities on the accompanying consolidated statements of financial position.

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(In thousands)

NOTE 13 - LEASE COMMITMENTS

Americares leases real estate and certain equipment under operating leases. The leases for office and warehouse space provide for rent escalations. Future minimum lease commitments under non-cancelable operating leases are as follows:

<u>Fiscal Year Ending</u>	<u>Minimum Lease Commitments</u>
2022	\$ 1,882
2023	1,859
2024	596
2025	40
2026	41
2027 and beyond	39
Total lease commitments	<u>\$ 4,457</u>

Rent expense for the years ended June 30, 2021 and 2020 was \$1,915 and \$2,077, respectively.

Americares sublets offices space to World Wrestling Entertainment, Inc. ("WWE"), HomeFront and the Elm Project. The sublet with WWE expires in October 2023. As of June 30, 2021, future total minimum rental payments to be received under the WWE sublease total \$340. The arrangements with HomeFront and The Elm Project are month to month.

NOTE 14 - LIQUIDITY AND AVAILABILITY

Americares receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Americares manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Americares has a liquidity policy to maintain financial cash reserves within net assets without donor restrictions at a minimum of 90 days of operating expenses exclusive of restricted gifts at all times during the fiscal year. To achieve these targets, Americares forecasts its future cash flows, monitors its liquidity monthly and monitors its reserves annually. During the fiscal years ended June 30, 2021 and 2020, the level of liquidity and reserves were managed within the policy requirements.

AmeriCares Foundation, Inc. and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(In thousands)

Financial assets for general expenditure available to management for general expenditure within one year as of June 30, 2021 and 2020 is as follows:

	2021	2020
Financial assets due within one year:		
Cash and cash equivalents	\$ 17,650	\$ 25,019
Investments	52,351	34,585
Contributions, receivable due within one year	5,273	3,527
Other receivables	2,152	558
	77,426	63,689
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with other purpose restrictions	23,850	27,799
Restricted by donors with time restrictions	8,381	6,712
Unappropriated accumulated endowment gains	432	177
Restricted by donor in perpetuity	1,648	1,623
Total financial assets available to management for general expenditure within one year	\$ 43,115	\$ 27,378

NOTE 15 - SUBSEQUENT EVENTS

Americares has evaluated subsequent events through November 2, 2021 the date these consolidated financial statements were available for issuance, and noted no events that require consideration for adjustments to, or disclosure in the consolidated financial statements, other than what has been disclosed within Note 9.

SUPPLEMENTARY INFORMATION

Americares Foundation, Inc. and Affiliate
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

June 30, 2021
(In thousands)

	Americares Foundation, Inc.	Americares Free Clinics, Inc.	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 17,078	\$ 572	\$ 17,650
Investments	50,102	2,249	52,351
Contributions receivable, net	5,223	50	5,273
Other receivables	2,149	3	2,152
Inventory, net	289,963	833	290,796
Prepaid expenses and other assets	6,412	26	6,438
Total current assets	<u>370,927</u>	<u>3,733</u>	<u>374,660</u>
Noncurrent assets			
Other assets			
Contributions receivable, net	2,545	1,807	4,352
Property held for investment	36	-	36
Beneficial interest in split-interest agreements - Perpetual assets held in trust	-	-	-
Trust agreements	3,843	-	3,843
	56	-	56
Total other assets	<u>6,480</u>	<u>1,807</u>	<u>8,287</u>
Property and equipment			
Building and land	1,323	-	1,323
Furniture and equipment	5,474	142	5,616
Leasehold improvements	2,634	1,030	3,664
Accumulated depreciation and amortization	(6,449)	(984)	(7,433)
Net property and equipment	<u>2,982</u>	<u>188</u>	<u>3,170</u>
Total noncurrent assets	<u>9,462</u>	<u>1,995</u>	<u>11,457</u>
Total assets	<u>\$ 380,389</u>	<u>\$ 5,728</u>	<u>\$ 386,117</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	\$ 8,415	\$ 644	\$ 9,059
Committed subgrants	892	-	892
Deferred revenue	3,717	-	3,717
Total current liabilities	<u>13,024</u>	<u>644</u>	<u>13,668</u>
Noncurrent liabilities			
Liabilities under split-interest agreements	4,577	-	4,577
Loan payable and capital leases	37	300	337
Total noncurrent liabilities	<u>4,614</u>	<u>300</u>	<u>4,914</u>
Total liabilities	<u>17,638</u>	<u>944</u>	<u>18,582</u>
Net assets			
Without donor restrictions	110,136	879	111,015
With donor restrictions	252,615	3,905	256,520
Total net assets	<u>362,751</u>	<u>4,784</u>	<u>367,535</u>
Total liabilities and net assets	<u>\$ 380,389</u>	<u>\$ 5,728</u>	<u>\$ 386,117</u>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Americares Foundation, Inc. and Affiliate
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the year ended June 30, 2021
(In thousands)

	Americares Foundation, Inc.	Americares Free Clinics, Inc.	Intercompany Eliminations	Total
Changes in net assets without donor restrictions				
Support and revenue:				
Public support:				
Contributions and private grants	\$ 37,262	\$ 1,962	\$ -	\$ 39,224
Government grants	12,794	-	-	12,794
Donated medical and disaster supplies	222,200	1,569	(1,569)	222,200
Contributed services and facilities	705	10,333	-	11,038
Net assets released from restrictions	1,065,822	1,965	-	1,067,787
Total public support	1,338,783	15,829	(1,569)	1,353,043
Revenue:				
Net investment return	6,854	24	-	6,878
Other revenue	2,709	-	-	2,709
Change in value of split-interest agreements	(101)	-	-	(101)
Total revenue	9,462	24	-	9,486
Total support and revenue	1,348,245	15,853	(1,569)	1,362,529
Expenses:				
Program services				
Distribution of donated medical and disaster supplies	1,115,000	912	-	1,115,912
Other program expenses	148,534	13,781	(1,951)	160,364
Total program services	1,263,534	14,693	(1,951)	1,276,276
Supporting services:				
Management and general	8,073	162	-	8,235
Fundraising	13,981	153	-	14,134
Total supporting services	22,054	315	-	22,369
Total expenses	1,285,588	15,008	(1,951)	1,298,645
Increase in net assets without donor restrictions	62,657	845	382	63,884
Changes in net assets with donor restrictions:				
Support and revenue:				
Public support:				
Contributions and private grants	32,282	1,132	(382)	33,032
Donated medical and disaster supplies	925,115	-	-	925,115
Net assets released from restrictions	(1,065,821)	(1,966)	-	(1,067,787)
Total public support	(108,424)	(834)	(382)	(109,640)
Revenue:				
Net investment return	471	-	-	471
Other revenue	27	-	-	27
Change in value of split-interest agreements	617	-	-	617
Total revenue	1,115	-	-	1,115
Decrease in net assets with donor restrictions	(107,309)	(834)	(382)	(108,525)
Changes in net assets	(44,652)	11	-	(44,641)
Net assets, beginning of year	407,403	4,773	-	412,176
Net assets, end of year	\$ 362,751	\$ 4,784	\$ -	\$ 367,535

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Americares Foundation, Inc. and Affiliate

SCHEDULE OF FUNCTIONAL EXPENSES - AMERICARES FOUNDATION, INC.

For the year ended June 30, 2021
(In thousands)

	Grants, Awards and Program- Related Expenses	Supporting Services		Total
		Management and General	Fundraising	
Functional expenses:				
Salaries and related payroll expenses	\$ 19,260	\$ 6,015	\$ 5,689	\$ 30,964
Rent and other occupancy costs	1,837	219	370	2,426
Distribution of donated medical and disaster supplies	1,115,000	-	-	1,115,000
Other grants, awards, relief supplies and destruction	96,896	-	-	96,896
Grants to other agencies	8,476	-	-	8,476
Professional fees and contract services	5,455	918	3,305	9,678
Office supplies and equipment	1,169	295	739	2,203
Telephone	205	25	181	411
Postage, shipping and warehousing	11,932	7	815	12,754
Equipment and software rental	227	16	27	270
Promotional expenses	242	21	2,407	2,670
Travel	622	3	4	629
Insurance and miscellaneous	1,711	493	391	2,595
Depreciation	502	61	53	616
Total functional expenses	<u>\$ 1,263,534</u>	<u>\$ 8,073</u>	<u>\$ 13,981</u>	<u>\$ 1,285,588</u>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Americares Foundation, Inc. and Affiliate

SCHEDULE OF FUNCTIONAL EXPENSES - AMERICARES FREE CLINICS, INC.

For the year ended June 30, 2021
(In thousands)

	Grants, Awards and Program- Related Expenses	Supporting Services		Total
		Management and General	Fundraising	
Functional expenses:				
Salaries and related payroll expenses	\$ 2,814	\$ 137	\$ 127	\$ 3,078
Rent and other occupancy costs	224	10	10	244
Distribution of donated medical and disaster supplies	912	-	-	912
Other grants, awards, relief supplies and destruction	173	-	-	173
Grants to other agencies	31	-	-	31
Professional fees and contract services	10,292	-	-	10,292
Office supplies and equipment	77	6	7	90
Telephone	25	2	2	29
Postage, shipping and warehousing	1	-	-	1
Equipment and software rental	15	2	1	18
Promotional expenses	3	-	-	3
Travel	3	-	-	3
Insurance and miscellaneous	81	5	6	92
Depreciation	42	-	-	42
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u>\$ 14,693</u>	<u>\$ 162</u>	<u>\$ 153</u>	<u>\$ 15,008</u>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.