

**AMERICAN INTERNATIONAL
HEALTH ALLIANCE, INC.**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**



AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
American International Health Alliance, Inc.
Washington, D.C.**

Opinion

We have audited the accompanying financial statements of the American International Health Alliance, Inc. ("AIHA") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIHA as of September 30, 2023, and the change in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AIHA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AIHA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**To the Board of Directors
American International Health Alliance, Inc.**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AIHA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AIHA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited AIHA's 2022 financial statements and our report dated April 19, 2023 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
April 24, 2024**

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 1,622,095	\$ 2,335,377
Regional office advances	51,425	113,687
Sub-grant advances	5,147	5,147
Grants and contracts receivable	128,820	682,686
Accounts receivable	3,462	3,462
Travel and other advances	2,536	1,529
Prepaid expenses	30,500	16,121
Deposits	<u>-</u>	<u>16,208</u>
TOTAL ASSETS	<u>\$ 1,843,985</u>	<u>\$ 3,174,217</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 162,193	\$ 458,700
Accrued salaries, vacation and related benefits	128,434	172,365
Government grants payable	-	130,561
Deferred grant revenue	<u>1,148,723</u>	<u>1,471,872</u>
TOTAL LIABILITIES	1,439,350	2,233,498
NET ASSETS		
Without donor restrictions	<u>404,635</u>	<u>940,719</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,843,985</u>	<u>\$ 3,174,217</u>

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

For The Years Ended September 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
Revenue		
U.S. Government grants	\$ 536,937	\$ 638,144
Other grants and contracts	2,167,441	2,606,905
Contributions	40,333	31,304
Interest and other	<u>14,759</u>	<u>7,402</u>
Total revenue	<u>2,759,470</u>	<u>3,283,755</u>
Expenses		
Program Services:		
Operations	2,357,570	2,781,162
Supporting Services:		
Management and general	<u>422,556</u>	<u>525,765</u>
Total expenses	<u>2,780,126</u>	<u>3,306,927</u>
Change in net assets before other changes	(20,656)	(23,172)
Other changes		
Government grant valuation allowance	<u>(515,428)</u>	<u>-</u>
Change in net assets	(536,084)	(23,172)
Net Assets Without Donor Restrictions		
Beginning of year	<u>940,719</u>	<u>963,891</u>
End of year	<u>\$ 404,635</u>	<u>\$ 940,719</u>

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2023 With Summarized Financial Information For 2022

	2023			2022
	<u>Program Services</u>	<u>Management And General</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
U.S. salaries and wages	\$ 283,515	\$ 201,018	\$ 484,533	\$ 661,137
Fringe benefits	199,399	100,968	300,367	365,736
Local staff salaries	58,468	-	58,468	65,306
Local staff benefits	52,081	-	52,081	61,231
Printing and production	30,974	-	30,974	2,780
Professional fees, consultants and temporary staff	350,700	76,734	427,434	224,069
Office rent and utilities	4,926	407	5,333	33,862
Accounting/audit	1,602	23,250	24,852	30,645
Insurance	19,057	8,175	27,232	27,308
Telephone	3,256	475	3,731	13,866
Travel and travel-related expenses	273,115	392	273,507	166,423
Sub-recipients	905,898	-	905,898	1,549,175
Postage and delivery	9,703	2	9,705	793
Repairs and maintenance	3,718	-	3,718	2,318
Furniture and equipment	66,844	1,595	68,439	54,202
Subscriptions and publications	7,597	1,637	9,234	3,669
Business meetings expense	68,606	950	69,556	4,749
Interpreters	-	-	-	5,369
Bank fees	1,260	1,712	2,972	1,373
Hall/room rental	2,209	948	3,157	9,432
Electronic mail/internet	9,243	2,312	11,555	13,592
Office supplies	3,596	252	3,848	6,585
Training and other	1,803	1,729	3,532	3,307
	<u>\$ 2,357,570</u>	<u>\$ 422,556</u>	<u>\$ 2,780,126</u>	<u>\$ 3,306,927</u>

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

STATEMENT OF CASH FLOWS

For The Years Ended September 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (536,084)	\$ (23,172)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Regional office advances	62,262	(91,370)
Grants and contracts receivable, net	553,866	13,555
Travel and other advances	(1,007)	22,365
Prepaid expenses and other assets	1,829	24,186
Increase (decrease) in:		
Accounts payable and accrued expenses	(296,507)	190,679
Accrued salaries, vacation and related benefits	(43,931)	8,205
Deferred grant and other liabilities	<u>(453,710)</u>	<u>(2,106,904)</u>
Net cash used in operating activities	<u>(713,282)</u>	<u>(1,962,456)</u>
Net decrease in cash and cash equivalents	(713,282)	(1,962,456)
Cash and cash equivalents at beginning of year	<u>2,335,377</u>	<u>4,297,833</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,622,095</u>	<u>\$ 2,335,377</u>

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

ORGANIZATION

The American International Health Alliance, Inc. ("**AIHA**") was incorporated on April 16, 1992, under the statutes of the State of Delaware. AIHA was organized to provide an institutional framework for the successful development and support of hospital partnerships between the United States and other countries.

BASIS OF PRESENTATION

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, Not-for-Profit Entities.

CASH AND CASH EQUIVALENTS

AIHA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("**FDIC**") up to a limit of \$250,000. AIHA maintains cash balances in excess of the FDIC insurance limits throughout the year. Management believes the risk in these situations to be minimal.

Approximately \$76,000 and \$130,000 (net of outstanding checks) was held in foreign banking institutions as of September 30, 2023 and 2022, respectively. Such funds are not insured.

OFFICE FURNITURE AND EQUIPMENT

All office furniture and equipment purchases are expensed in the year of purchase. Partner equipment purchased with grant funds becomes the property of AIHA's hospital partners upon the completion of the grant, subject to donor approval, and is expensed in the year purchased.

CONCENTRATIONS OF CREDIT RISK

Approximately 20% of AIHA's revenue for the year ended September 30, 2023, was derived from grants and contracts awarded by the United States Government or pass-through entities and approximately 79% was derived from three separate grants awarded by the Gates Foundation.

Approximately 20% of AIHA's revenue for the year ended September 30, 2022, was derived from grants and contracts awarded by the United States Government or pass-through entities and approximately 80% was derived from three separate grants awarded by the Gates Foundation.

CONTINGENCIES

Under the terms of the U.S. Government grants, amounts are stipulated for both direct program costs and administrative overhead costs. The administrative overhead rate used by AIHA, while provisionally approved, is subject to review and final approval by the U.S. Government. The administrative overhead rate has been approved through September 30, 2022. Management believes that any adjustment to the 2023 administrative overhead rates, if any, will not have a material effect on the financial position or operating results of AIHA.

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023

AIHA receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in years in which AIHA's federal expenditures are at least \$750,000. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2021 (AIHA did not meet the \$750,000 threshold in 2023 or 2022). Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs.

AIHA's International AIDS Education and Training Centers Technical Assistance award commenced in fiscal year 2005 and expired on September 29, 2019. It was noted during 2018 that there was a deficiency in federal cash available in the Federal Government's Payment Management System ("PMS") to complete the project, and as a result, AIHA modified its budget for the remainder of the award to be in line with available resources. AIHA has made the awarding agency aware of this deficiency, however, as of the report date, the awarding agency has not finalized their review or taken action to close this award. AIHA estimates, as of September 30, 2023 and 2022, that its risk of loss on this award is limited to the receivable balance at the time the award expired which amounted to \$629,781. During 2023, management elected to provide a full valuation allowance on this balance.

INCOME TAXES

AIHA has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

AIHA recognizes tax positions on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. AIHA has reviewed the tax positions taken for each of the open tax years (2020 - 2022) or expected to be taken in AIHA's 2023 tax return and has concluded it has no material uncertain tax positions. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

NET ASSET CLASSIFICATION

Net assets without donor restrictions include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operations of AIHA. As of September 30, 2023 and 2022, AIHA does not have any net asset balances that are encumbered with donor restrictions.

GRANTS, CONTRACTS, AND CONTRIBUTIONS

AIHA recognizes contributions when cash, securities, or other assets, and unconditional promises to give are received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before AIHA is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. AIHA recognizes conditional contributions when the conditions are substantially met or waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as "**net assets released from restrictions.**"

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023

GOVERNMENT GRANTS

AIHA is the recipient of awards from the U.S. Government (directly and indirectly through sub-awards) which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when AIHA has incurred expenditures in compliance with specific contract or grant provisions or has fulfilled the performance requirements. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time and effort cost studies.

(2) LEASE COMMITMENT

For the years ended September 30, 2023 and 2022, AIHA leased office space in Addis Ababa, Ethiopia under a one-year lease which renews on December 1st each year

(3) GOVERNMENT GRANTS PAYABLE

Government grants payable represent amounts payable to U.S. Government agencies for amounts overdrawn on awards that have expired and are currently in the closeout period. Such awards expired between 2006 and 2018.

(4) PENSION PLAN

AIHA has a defined contribution retirement plan available to all US and International employees paid from US that are at least 21 years of age. Eligible employees can participate in the plan and start contributing starting the first of the month following their date of hire. Eligible employees that contribute to AIHA's 401(k) plan will receive a matching contribution up to 4% of their base pay. All matching employer contributions vest 100% immediately. Contribution expense for the years ended September 30, 2023, and 2022 was approximately \$56,000 and \$31,000, respectively.

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023

(5) FUNCTIONAL COSTS

Program services and management and general expenses for the years ended September 30 were charged to the following programs:

	2023		
	<u>Operations</u>	<u>Management And General</u>	<u>Total</u>
CDC Global AIDS	\$ 300,755	\$ 58,554	\$ 359,309
UTH	79,852	22,510	102,362
Gates Foundation	1,918,248	249,594	2,167,842
ICHSSA	58,715	16,552	75,267
Unrestricted	<u>-</u>	<u>75,346</u>	<u>75,346</u>
	<u>\$2,357,570</u>	<u>\$422,556</u>	<u>\$2,780,126</u>

	2022		
	<u>Operations</u>	<u>Management And General</u>	<u>Total</u>
CDC Global AIDS	\$ 328,115	\$ 136,594	\$ 464,709
UTH	77,230	32,151	109,381
Gates Foundation	2,330,588	276,317	2,606,905
ICHSSA	45,229	18,828	64,057
Unrestricted	<u>-</u>	<u>61,875</u>	<u>61,875</u>
	<u>\$2,781,162</u>	<u>\$525,765</u>	<u>\$3,306,927</u>

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023

(6) LINE OF CREDIT

AIHA holds a \$100,000 line of credit with a bank which charges interest on outstanding advances at the prime rate plus .75%. There were no advances on either of these lines of credit during the years ended September 30, 2023 and 2022.

(7) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

At September 30, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditure such as operating expenses and grant expenses, were as follows:

Financial Assets	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$1,622,095	\$2,335,377
Regional office advances	51,425	113,687
Receivables*	<u>128,820</u>	<u>52,905</u>
Total financial assets available to management for general expenditure and grant expenses within one year	<u>\$1,802,340</u>	<u>\$2,501,969</u>

* Excludes federal grant receivable from Payment Management System deficiency (see Contingency Note 1)

As part of AIHA's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

(8) SUBSEQUENT EVENTS

Subsequent events after the statement of financial position date through the date that the financial statements were available for issuance, April 24, 2024 have been evaluated in the preparation of the financial statements.