



## Last Mile Health

Financial Statements  
Years Ended June 30, 2017 and 2016

# **Last Mile Health**

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**Financial Statements**  
Years Ended June 30, 2017 and 2016

# Last Mile Health

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## Independent Auditor's Report

The Board of Directors  
Last Mile Health  
Boston, Massachusetts

We have audited the accompanying financial statements of Last Mile Health (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities 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.

### *Auditor's 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 Last Mile Health as of June 30, 2017 and 2016, 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.

BDO USA, L.L.P.

November 8, 2017

## Financial Statements

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**Last Mile Health**  
**Statements of Financial Position**

<i>June 30,</i>	2017	2016
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 3,166,312	\$ 1,316,539
Contributions receivable, net of long-term	4,569,875	2,658,491
Prepaid expenses and other current assets	164,776	348,793
<b>Total Current Assets</b>	<b>7,900,963</b>	<b>4,323,823</b>
<b>Property and Equipment:</b>		
Property and Equipment	211,760	74,860
Less accumulated depreciation	(85,092)	(30,726)
<b>Net Property and Equipment</b>	<b>126,668</b>	<b>44,134</b>
<b>Other Assets:</b>		
Long-term contributions receivable	187,500	-
Security deposit	22,993	23,743
<b>Total Other Assets</b>	<b>210,493</b>	<b>23,743</b>
<b>Total Assets</b>	<b>\$ 8,238,124</b>	<b>\$ 4,391,700</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 84,677	\$ 101,393
Accrued payroll and vacation	103,169	128,868
Accrued expenses and other current liabilities	39,892	129,099
<b>Total Current Liabilities</b>	<b>227,738</b>	<b>359,360</b>
<b>Commitments (Note 9)</b>		
<b>Net Assets:</b>		
Unrestricted	1,606,094	1,332,532
Temporarily restricted	6,404,292	2,699,808
<b>Total Net Assets</b>	<b>8,010,386</b>	<b>4,032,340</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,238,124</b>	<b>\$ 4,391,700</b>

*See accompanying notes.*

**Last Mile Health**  
**Statement of Activities**

<i>Year ended June 30, 2017</i>	Unrestricted	Temporarily Restricted	Totals
<b>Revenues and Other Support:</b>			
Grant revenue	\$ 4,957,174	\$ 5,132,375	\$ 10,089,549
Contributions	1,570,524	-	1,570,524
Net assets released	1,427,891	(1,427,891)	-
<b>Total Revenues and Other Support</b>	<b>7,955,589</b>	<b>3,704,484</b>	<b>11,660,073</b>
<b>Expenses:</b>			
Program	6,268,212	-	6,268,212
General and administrative	619,842	-	619,842
Fundraising	793,973	-	793,973
<b>Total Expenses</b>	<b>7,682,027</b>	<b>-</b>	<b>7,682,027</b>
<b>Change in Net Assets</b>	<b>273,562</b>	<b>3,704,484</b>	<b>3,978,046</b>
<b>Net Assets as of Beginning of Year</b>	<b>1,332,532</b>	<b>2,699,808</b>	<b>4,032,340</b>
<b>Net Assets as of End of Year</b>	<b>\$ 1,606,094</b>	<b>\$ 6,404,292</b>	<b>\$ 8,010,386</b>

*See accompanying notes.*

**Last Mile Health**  
**Statement of Activities**

<i>Year ended June 30, 2016</i>	Unrestricted	Temporarily Restricted	Totals
<b>Revenues and Other Support:</b>			
Grant revenue	\$ 4,609,530	\$ 4,102,928	\$ 8,712,458
Contributions	1,115,415	-	1,115,415
Donated services	597,396	-	597,396
Net assets released	3,437,871	(3,437,871)	-
<b>Total Revenues and Other Support</b>	<b>9,760,212</b>	<b>665,057</b>	<b>10,425,269</b>
<b>Expenses:</b>			
Program	8,278,033	-	8,278,033
General and administrative	698,441	-	698,441
Fundraising	606,319	-	606,319
<b>Total Expenses</b>	<b>9,582,793</b>	<b>-</b>	<b>9,582,793</b>
<b>Change in Net Assets</b>	<b>177,419</b>	<b>665,057</b>	<b>842,476</b>
<b>Net Assets as of Beginning of Year</b>	<b>1,155,113</b>	<b>2,034,751</b>	<b>3,189,864</b>
<b>Net Assets as of End of Year</b>	<b>\$ 1,332,532</b>	<b>\$ 2,699,808</b>	<b>\$ 4,032,340</b>

*See accompanying notes.*

**Last Mile Health**  
**Statements of Cash Flows**

<i>Years ended June 30,</i>	<b>2017</b>	<b>2016</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 3,978,046	\$ 842,476
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	54,366	30,726
(Decrease) increase in cash resulting from a change in:		
Contributions receivable	(2,098,884)	(2,513,991)
Prepaid expenses and other current assets	184,017	(325,897)
Accounts payable	(16,716)	26,037
Accrued payroll and vacation	(25,699)	120,038
Accrued expenses and other current liabilities	(89,207)	129,099
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>1,985,923</b>	<b>(1,691,512)</b>
<b>Cash Flows from Investing Activities:</b>		
Receipts (payments) for deposits	750	(23,743)
Purchases of property and equipment	(136,900)	(74,860)
<b>Net Cash Used in Investing Activities</b>	<b>(136,150)</b>	<b>(98,603)</b>
<b>Cash Flows from Financing Activities:</b>		
Payments on long-term debt	-	(350,000)
<b>Net Cash Used in Financing Activities</b>	<b>-</b>	<b>(350,000)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>1,849,773</b>	<b>(2,140,115)</b>
<b>Cash, beginning of year</b>	<b>1,316,539</b>	<b>3,456,654</b>
<b>Cash, end of year</b>	<b>\$ 3,166,312</b>	<b>\$ 1,316,539</b>

*See accompanying notes.*

# Last Mile Health

## Notes to Financial Statements

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### 1. Organization

Last Mile Health (the “Organization”), a 501(c)(3) organization, works to create a new health workforce to bring care to remote Liberian villages by training community members and former patients to service as frontline health workers, delivering comprehensive home-based medical, social, and economic services to communities previously deemed unreachable. Prior to June 1, 2016, the Organization worked closely with a related party organization in Liberia (see Note 3) by providing financial assistance and other resources to develop and implement programs. Effective June 1, 2016, the net assets of the related party organization were transferred to Last Mile Health upon an agreement to dissolve the related organization.

The Organization’s revenue is primarily made up of grant revenue and contributions from donors.

### 2. Summary of Significant Accounting Policies

A summary of the significant accounting policies followed by the Organization in the preparation of the accompanying financial statements is set forth below:

#### *Basis of Presentation*

The accounts of the Organization are maintained on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

#### *Net Assets*

Net assets are classified into temporarily restricted and unrestricted net assets, when appropriate, to properly disclose the nature and amount of significant resources that have been restricted in accordance with specified objectives as follows:

*Unrestricted:* Net assets that are not subject to donor-imposed stipulations and may be designated for specific purposes by action of the Board of Directors.

*Temporarily restricted:* Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

#### *Use of Estimates*

The preparation of 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, the 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 vary from the estimates that were used.

#### *Concentrations of Credit Risk*

Financial instruments which potentially subject the Organization to concentration of credit risk consist primarily of cash. At various times, the Organization has cash deposits at financial institutions which exceed the Federal Deposit Insurance Corporation insurance limits.

# Last Mile Health

## Notes to Financial Statements

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### **Contributions Receivable**

Unconditional promises to give that are expected to be collected or paid within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected or paid in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contributions receivable. Conditional promises to give are not included in support or expenses until conditions are substantially met.

The Organization provides an allowance for doubtful accounts equal to estimated contribution defaults. The estimated defaults are based on historical collection experience together with a review of the current status of existing receivables. There was no allowance for uncollectible receivables at June 30, 2017 and 2016.

### **Non-Cash Contributions**

Contributions of services are recognized in accordance with applicable accounting standards if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Both the non-cash contributions and related expenses are recorded on the statements of activities. See Note 8 for a description of non-cash contributions.

### **Property and Equipment**

All property and equipment are stated at cost. Major renewals, additions, and betterments greater than \$2,000 are charged to the property accounts, while replacements, maintenance, and repairs less than \$2,000, which do not improve or extend the lives of the respective assets, are expensed in the year incurred.

### **Depreciation**

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

<i>Asset</i>	<i>Life in Years</i>
Motor vehicles	3-5
Furniture and equipment	7

Depreciation expense for the years ended June 30, 2017 and 2016, was \$54,366 and \$30,726, respectively.

### **Impairment of Long-Lived Assets**

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, requires the Organization to review long-lived assets, such as property and equipment or intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of

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## Notes to Financial Statements

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the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of June 30, 2017 and 2016, the Organization did not recognize any impairment.

### *Grants and Contributions Revenue*

Grants earned and contributions are recognized as revenue in the year when the cash has been received from the donor or when a donor pledge is supported by a signed document.

### *Functional Allocation of Expenses*

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program and support service are allocated directly according to their expenditure classification.

### *Income Taxes*

Last Mile Health is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is classified by the Internal Revenue Service as other than a private foundation. There are currently no federal or state income tax audits in progress. Tax years from 2013 through the current year remain open for examination by federal and state tax authorities.

Under ASC 740, an organization must recognize the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions, and accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the years ended June 30, 2017 and 2016, there were no interest or penalties recorded or included in the statements of activities.

### *Subsequent Events*

The Organization has evaluated subsequent events through November 8, 2017, which is the date the financial statements are available to be issued.

## **3. Acquisition**

During the year ended June 30, 2016, upon an agreement to dissolve Tiyatien Health (a related organization in Liberia), the net assets were transferred to Last Mile Health, which resulted in a receipt of \$516,895 to fulfill existing programs. This receipt, which represents the net assets of Tiyatien Health, is included in contributions on the statement of activities and consisted of cash (\$102,000) and prepaid expenses (\$414,895).

Prior to June 1, 2016, the Organization's mission was aligned with this related party in Liberia, where it worked to provide medical and other services in rural Liberia. Prior to June 1, 2016, the

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## Notes to Financial Statements

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Organization paid \$3,691,106 to the related party to fund program related expenses. These costs are included in program expenses in the statement of activities.

### 4. Concentrations

Contributions from three and two donors accounted for approximately 34% and 28% of the Organization's revenues and other support for the years ended June 30, 2017 and 2016, respectively. Transactions with four and two donors accounted for approximately 63% and 73% of the Organization's contributions receivable as of June 30, 2017 and 2016, respectively.

The Organization has a potential concentration of credit risk in that it maintains deposits with a financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The maximum deposit insurance amount is \$250,000, which is applied per depositor, per insured depository institution for each account ownership category. As of June 30, 2017 and 2016, the Organization had \$2,489,356 and \$665,645 in excess of FDIC limits, respectively.

### 5. Contributions Receivable

Contributions receivable consisted of the following:

<i>June 30,</i>	<b>2017</b>	<b>2016</b>
Total unconditional promises to give, net of discount	\$ 4,757,375	\$ 2,658,491
Less amount due in one year	4,569,875	2,658,491
<b>Long-Term Contributions Receivable</b>	<b>\$ 187,500</b>	<b>\$ -</b>

Future maturities on contributions receivable are as follows:

<i>Years ending June 30,</i>	
2018	\$ 4,569,875
2019	187,500
	<b>\$ 4,757,375</b>

### 6. Line of Credit

On June 27, 2014, the Organization entered into a \$250,000 line of credit with a bank secured by the Organization's assets. This credit facility bears interest at the bank's index rate plus 1.75%. As of June 30, 2017 and 2016, there was no outstanding balance on the line of credit. The line of credit is subject to certain reporting covenants with which the Organization was in compliance at June 30, 2017 and 2016.

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## Notes to Financial Statements

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### 7. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for use as follows at June 30, 2017 and 2016:

	2017	2016
<b>Clinical Programs in Liberia</b>	<b>\$ 6,404,292</b>	<b>\$ 2,699,808</b>

During 2017 and 2016, \$1,427,891 and \$3,437,871 was released from restriction and was available to be used to support the programs of the Organization.

### 8. Non-Cash Contributions

During the year ended 2016, financial and administrative services were contributed to the Organization and are included in program expenses on the statement of activities. There were no contributed services during the year ended June 30, 2017.

<i>Years Ended June 30,</i>	2017	2016
Medical supplies and services	\$ -	\$ 439,203
Equipment and supplies	-	158,193
<b>Total</b>	<b>\$ -</b>	<b>\$ 597,396</b>

### 9. Operating Leases

The Organization has a lease agreement in Boston, Massachusetts, as well as a number of lease agreements throughout Liberia. The monthly rental payments range from \$20 to \$12,150 over the lives of the leases, which expire at various times until 2021. The total rent expense related to operating leases was \$556,092 and \$508,242 for the years ended June 30, 2017 and 2016, respectively.

Minimum annual future rental payments are as follows:

<i>Years ending June 30</i>	
2018	\$ 434,245
2019	183,530
2020	145,462
2021	76,896
<b>Total</b>	<b>\$ 840,133</b>