



Last Mile Health

Financial Statements
Years Ended June 30, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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.

October 24, 2018

Financial Statements

Last Mile Health
Statements of Financial Position

<i>June 30,</i>	2018	2017
Assets		
Current Assets:		
Cash	\$ 8,453,497	\$ 3,166,312
Contributions receivable, net of long-term	5,742,326	4,569,875
Prepaid expenses and other current assets	83,239	164,776
Total Current Assets	14,279,062	7,900,963
Property and Equipment:		
Property and equipment	836,880	211,760
Less accumulated depreciation	(201,684)	(85,092)
Net Property and Equipment	635,196	126,668
Other Assets:		
Long-term contributions receivable	2,652,134	187,500
Security deposit	22,993	22,993
Total Other Assets	2,675,127	210,493
Total Assets	\$ 17,589,385	\$ 8,238,124
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 510,810	\$ 84,677
Accrued payroll and vacation	211,819	103,169
Accrued expenses and other current liabilities	31,629	39,892
Total Current Liabilities	754,258	227,738
Commitments (Note 9)		
Net Assets:		
Unrestricted	5,004,191	1,606,094
Temporarily restricted	11,830,936	6,404,292
Total Net Assets	16,835,127	8,010,386
Total Liabilities and Net Assets	\$ 17,589,385	\$ 8,238,124

See accompanying notes.

Last Mile Health
Statement of Activities

<i>Year ended June 30, 2018</i>	Unrestricted	Temporarily Restricted	Totals
Revenues and Other Support:			
Grant revenue	\$ 5,262,518	\$ 10,793,858	\$ 16,056,376
Contributions	1,467,403	-	1,467,403
Net assets released	5,367,214	(5,367,214)	-
Total Revenues and Other Support	12,097,135	5,426,644	17,523,779
Expenses:			
Program	7,274,170	-	7,274,170
General and administrative	864,284	-	864,284
Fundraising	560,584	-	560,584
Total Expenses	8,699,038	-	8,699,038
Change in Net Assets	3,398,097	5,426,644	8,824,741
Net Assets as of Beginning of Year	1,606,094	6,404,292	8,010,386
Net Assets as of End of Year	\$ 5,004,191	\$ 11,830,936	\$ 16,835,127

See accompanying notes.

Last Mile Health
Statement of Activities

<i>Year ended June 30, 2017</i>	Unrestricted	Temporarily Restricted	Totals
Revenues and Other Support:			
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)	-
Total Revenues and Other Support	7,955,589	3,704,484	11,660,073
Expenses:			
Program	6,268,212	-	6,268,212
General and administrative	619,842	-	619,842
Fundraising	793,973	-	793,973
Total Expenses	7,682,027	-	7,682,027
Change in Net Assets	273,562	3,704,484	3,978,046
Net Assets as of Beginning of Year	1,332,532	2,699,808	4,032,340
Net Assets as of End of Year	\$ 1,606,094	\$ 6,404,292	\$ 8,010,386

See accompanying notes.

Last Mile Health
Statements of Cash Flows

<i>Years ended June 30,</i>	2018	2017
Cash Flows from Operating Activities:		
Change in net assets	\$ 8,824,741	\$ 3,978,046
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	116,774	54,366
(Decrease) increase in cash resulting from a change in:		
Contributions receivable	(3,637,085)	(2,098,884)
Prepaid expenses and other current assets	81,537	184,017
Accounts payable	426,133	(16,716)
Accrued payroll and vacation	108,650	(25,699)
Accrued expenses and other current liabilities	(8,263)	(89,207)
Net Cash Provided by Operating Activities	5,912,487	1,985,923
Cash Flows from Investing Activities:		
Receipts (payments) for deposits	-	750
Purchases of property and equipment	(625,302)	(136,900)
Net Cash Used in Investing Activities	(625,302)	(136,150)
Net Increase in Cash	5,287,185	1,849,773
Cash, beginning of year	3,166,312	1,316,539
Cash, end of year	\$ 8,453,497	\$ 3,166,312

See accompanying notes.

Last Mile Health

Notes to Financial Statements

1. Organization

Last Mile Health (the "Organization"), a 501(c)(3) organization, works to save lives in the world's most remote communities by partnering with government to demonstrate, design, scale, and advocate for national networks of professional community health workers.

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.

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

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Notes to Financial Statements

review of the current status of existing receivables. There was no allowance for uncollectible receivables at June 30, 2018 and 2017.

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	2-4
Furniture and equipment	7

Depreciation expense for the years ended June 30, 2018 and 2017, was \$116,774 and \$54,366, 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 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, 2018 and 2017, the Organization did not recognize any impairment.

Grants and Contributions Revenue

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

Functional Allocation of Expenses

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Notes to Financial Statements

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, 2018 and 2017, there were no interest or penalties recorded or included in the statements of activities.

Subsequent Events

The Organization has evaluated subsequent events through October 24, 2018, which is the date the financial statements are available to be issued.

3. Concentrations

Transactions with three and four donors accounted for approximately 54% and 63% of the Organization's contributions receivable as of June 30, 2018 and 2017, respectively. Contributions from three donors accounted for approximately 34% of the Organization's revenues and other support for the year ended June 30, 2017. There was no revenue concentration for the year ended June 30, 2018.

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, 2018 and 2017, the Organization had \$7,677,830 and \$2,489,356 in excess of FDIC limits, respectively. These financial institutions have strong credit ratings, and management believes that credit risk related to these accounts is minimal.

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Notes to Financial Statements

4. Contributions Receivable

Contributions receivable consisted of the following:

<i>June 30,</i>	2018	2017
Total unconditional promises to give, net of discount	\$ 8,394,460	\$ 4,757,375
Less amount due in one year	5,742,326	4,569,875
Long-Term Contributions Receivable	\$ 2,652,134	\$ 187,500

Future maturities on contributions receivable are as follows:

<i>Years ending June 30,</i>	
2019	\$ 5,742,326
2020	2,652,134
	\$ 8,394,460

5. 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, 2018 and 2017, 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, 2018 and 2017.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for use as follows at June 30:

	2018	2017
Clinical Programs in Liberia	\$ 11,830,936	\$ 6,404,292

During 2018 and 2017, \$5,367,214 and \$1,427,891, respectively, was released from restriction and was available to be used to support the programs of the Organization.

7. 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 \$517,238 and \$556,092 for the years ended June 30, 2018 and 2017, respectively.

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Notes to Financial Statements

Minimum annual future rental payments are as follows:

Years ending June 30

2019	\$	199,730
2020		151,462
2021		77,396
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Total	\$	428,587
