



Build Health International, Inc.

Financial Statements

June 30, 2024 and 2023

EJCALLAHAN
& ASSOCIATES, LLC

BUILD HEALTH INTERNATIONAL, INC.

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CERTIFIED PUBLIC ACCOUNTANTS – BUSINESS CONSULTANTS

Independent Auditor's Report

To the Board of Directors of
Build Health International, Inc.
Beverly, Massachusetts

Opinion

We have audited the financial statements of Build Health International, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, schedules of functional expenses, and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Build Health International, Inc. as of June 30, 2024 and 2023 and the changes in its net assets 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Build Health International, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Build Health International, Inc.'s ability to continue as a going concern within one year after the date of the financial statements are available to be issued.

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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 GAAS 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.

In performing an audit in accordance with GAAS, 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 Build Health International Inc.'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 Build Health International, Inc.'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.

E. J. Callahan & Associates, L.L.C.

Wakefield, Massachusetts
September 23, 2024

BUILD HEALTH INTERNATIONAL, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,280,590	\$ 805,643
Accounts receivable	559,472	311,791
Investments	4,968,155	5,473,182
Prepaid expenses and other current assets	21,056	29,108
Total Current Assets	<u>7,829,273</u>	<u>6,619,724</u>
Noncurrent Assets:		
Deposits	50,820	48,595
Property and equipment, net	146,903	104,005
Operating lease, right-of-use asset	1,145,716	327,961
Total Noncurrent Assets	<u>1,343,439</u>	<u>480,561</u>
Total Assets	<u>\$ 9,172,712</u>	<u>\$ 7,100,285</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 226,855	\$ 176,893
Accrued payroll	17,199	171,681
Current portion of operating lease liabilities	287,875	127,266
Deferred revenue	1,593,726	600,298
Total Current Liabilities	<u>2,125,655</u>	<u>1,076,138</u>
Noncurrent Liabilities:		
Operating lease liabilities, less current portion	943,953	197,799
Total Noncurrent Liabilities	<u>943,953</u>	<u>197,799</u>
Total Liabilities	<u>3,069,608</u>	<u>1,273,937</u>
Net Assets:		
Without donor restrictions	3,135,553	2,171,565
With donor restrictions	2,967,551	3,654,783
Total Net Assets	<u>6,103,104</u>	<u>5,826,348</u>
Total Liabilities and Net Assets	<u>\$ 9,172,712</u>	<u>\$ 7,100,285</u>

See accompanying notes to financial statements.

BUILD HEALTH INTERNATIONAL, INC.

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2024 and 2023

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:						
Projects	\$ 14,905,322	\$ -	\$ 14,905,322	\$ 11,355,135	\$ -	\$ 11,355,135
Grants	75,000	888,974	963,974	328,528	35,000	363,528
Donations	288,624	-	288,624	188,809	-	188,809
Total revenues and other support	15,268,946	888,974	16,157,920	11,872,472	35,000	11,907,472
Net assets released from restriction	1,576,206	(1,576,206)	-	2,548,279	(2,548,279)	-
Total revenues and other support	16,845,152	(687,232)	16,157,920	14,420,751	(2,513,279)	11,907,472
Expenses:						
Program services	14,739,074	-	14,739,074	12,191,193	-	12,191,193
General and administrative	1,222,363	-	1,222,363	1,501,727	-	1,501,727
Fundraising	576,882	-	576,882	583,986	-	583,986
Total expenses	16,538,319	-	16,538,319	14,276,906	-	14,276,906
Change in net assets from operations	306,833	(687,232)	(380,399)	143,845	(2,513,279)	(2,369,434)
Non-operating revenue (loss):						
Investment income	463,629	-	463,629	408,194	-	408,194
Foreign currency translation adjustment	46,334	-	46,334	(155,963)	-	(155,963)
Interest expense	-	-	-	(4,035)	-	(4,035)
Employee Retention Tax Credit	147,990	-	147,990	-	-	-
Other income	13,684	-	13,684	16,747	-	16,747
Other expense	(14,482)	-	(14,482)	(13,471)	-	(13,471)
Total non-operating revenue	657,155	-	657,155	251,472	-	251,472
Change in net assets	963,988	(687,232)	276,756	395,317	(2,513,279)	(2,117,962)
Net assets, beginning of year	2,171,565	3,654,783	5,826,348	1,776,248	6,168,062	7,944,310
Net assets, end of year	\$ 3,135,553	\$ 2,967,551	\$ 6,103,104	\$ 2,171,565	\$ 3,654,783	\$ 5,826,348

See accompanying notes to financial statements.

BUILD HEALTH INTERNATIONAL, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2024

	Health Care Infrastructure	General and Administrative	Fundraising	Total Expenses
Building materials and vendors	\$ 7,851,892	\$ -	\$ -	\$ 7,851,892
Salaries, wages, and benefits	3,460,590	273,069	525,660	4,259,319
Program logistics	2,336,903	-	-	2,336,903
Occupancy costs	257,579	557,138	-	814,717
Office expenses	-	165,111	13,686	178,797
Training and conferences	-	154,754	-	154,754
Professional services	-	71,674	2,813	74,487
Depreciation and amortization	50,812	-	-	50,812
Donations	-	152	10,200	10,352
Fundraising events	-	-	6,911	6,911
Other operating costs	781,298	465	17,612	799,375
Total	<u>\$ 14,739,074</u>	<u>\$ 1,222,363</u>	<u>\$ 576,882</u>	<u>\$ 16,538,319</u>

See accompanying notes to financial statements.

BUILD HEALTH INTERNATIONAL, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

	Health Care Infrastructure	General and Administrative	Fundraising	Total Expenses
Building materials and vendors	\$ 6,558,576	\$ -	\$ -	\$ 6,558,576
Salaries, wages, and benefits	3,038,059	548,725	502,603	4,089,387
Program logistics	1,922,020	-	-	1,922,020
Occupancy costs	53,554	432,301	-	485,855
Office expenses	-	260,197	8,641	268,838
Professional services	-	122,771	57,090	179,861
Training and conferences	-	135,308	-	135,308
Depreciation and amortization	34,901	-	-	34,901
Donations	-	200	4,975	5,175
Fundraising events	-	-	2,082	2,082
Other operating costs	584,083	2,225	8,595	594,903
Total	<u>\$ 12,191,193</u>	<u>\$ 1,501,727</u>	<u>\$ 583,986</u>	<u>\$ 14,276,906</u>

See accompanying notes to financial statements.

BUILD HEALTH INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 276,756	\$ (2,117,962)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	50,812	34,901
Amortization of operating lease, right-of-use asset	89,008	(2,896)
Realized and unrealized gain on investments, net	(463,629)	(408,194)
Changes in assets and liabilities:		
Accounts receivable	(247,681)	(114,552)
Prepaid expenses and other current assets	8,052	(14,508)
Deposits	(2,225)	(31,220)
Accrued revenue	-	192,842
Accounts payable	49,962	(91,647)
Accrued payroll	(154,482)	36,047
Deferred revenue	993,428	(442,330)
Net Cash Provided by (Used in) Operating Activities	<u>600,001</u>	<u>(2,959,519)</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(93,710)	(15,266)
Proceeds from sale of investments, net	968,656	1,250,000
Proceeds from margin loan	-	800,000
Repayment of margin loan	-	(800,000)
Net Cash Provided by Investing Activities	<u>874,946</u>	<u>1,234,734</u>
Net Change in Cash and Cash Equivalents	1,474,947	(1,724,785)
Cash and Cash Equivalents - Beginning of Year	<u>805,643</u>	<u>2,530,428</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,280,590</u>	<u>\$ 805,643</u>
Supplemental disclosure of Noncash Investing and Financing Activities:		
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 1,037,000</u>	<u>\$ 457,404</u>

See accompanying notes to financial statements.

BUILD HEALTH INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

Note 1 – Nature of Operations and Significant Accounting Policies

Nature of Operations

Build Health International, Inc., (the "Foundation") was originally incorporated in the Commonwealth of Massachusetts in 1999 and was developed to conduct a wide array of international philanthropy efforts. In 2013, the Foundation became a 501(c)(3) organization. The Foundation's specific mission is to develop health care infrastructure in impoverished countries, promote international development and philanthropy. In addition to designing and building infrastructure in resource poor settings, the Foundation provides consulting and planning services to partner organizations who are focused in healthcare and poverty alleviation in impoverished countries.

Summary of Significant Accounting Policies

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

Basis of Accounting – The Foundation prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

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 and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation – The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Cash and Cash Equivalents – For purposes of reporting cash flows, the Foundation considers all highly liquid investments purchased with a maturity of three months or less at acquisition as cash and cash equivalents in the accompanying statement of financial position. The Foundation has interest bearing deposits in financial institutions that maintained federal insurance in full for all accounts and limited coverage up to \$250,000 per financial institution. The portion of the deposits in excess of this amount is not subject to such insurance and represents a credit risk to the Foundation. At times, balances held at each financial institution may exceed \$250,000, which represents a credit risk to the Foundation. At June 30, 2024 and 2023, deposits in excess of federally insured limits were \$2,124,931 and \$446,684, respectively.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2024 and 2023

Note 1 – Nature of Operations and Significant Accounting Policies – Continued

Cash and Cash Equivalents – Continued – In addition, cash and cash equivalents in foreign institutions are subject to differing rules and risks. The Foundation monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for doubtful accounts, and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. There was no allowance for doubtful accounts at June 30, 2024 and 2023.

Employee Retention Tax Credit – The Foundation has recognized income relating to the employee retention tax credit (“ERTC”), a refundable tax credit, under the CARES Act. The Company received refunds in the amount of \$147,990 during the year ended June 30, 2024, which was included in other income in the statements of activities for the year ended June 30, 2024. The ERTC contains certain requirements in order to be eligible, and the Foundation met the required conditions.

The Foundation has accounted for the transactions in accordance with ASC 958-605, Not-for-Profit Entities–Revenue, as conditional contributions. Conditional contributions are recognized as revenue when the conditions are substantially met or explicitly waived, or where conditions are met over time or in stages, contributions are recognized as the qualifying expenses are incurred. The Foundation has elected to account for the use of this credit as grant income and is included governmental grants on the statements of activities for the year ended June 30, 2024.

Investments – The Foundation reports investments at fair value. Fair value is determined as more fully described under fair value measurements in Note 4. Investment returns are reported as follows:

- As increases in net assets with donor restrictions if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- As increases (decreases) in net assets with donor restrictions if the terms of the gift or state law impose restrictions on the current use of the income or net gains; and
- As increases (decreases) in net assets without donor restrictions in all other cases.

Property and Equipment – Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is 5 years. Leasehold improvements are amortized over the estimated useful life of the improvement. Additions, renewals, and betterments that significantly extend the life of the asset are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2024 and 2023

Note 1 – Nature of Operations and Significant Accounting Policies – Continued

Impairment of Long-Lived Assets – The Foundation reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of the undiscounted cash flows expected to result from use of the assets is less than the carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. During the years ended June 30, 2024 and 2023, there were no impairment losses recognized for long-lived assets.

FASB ASC 842 New Accounting Guidance Implementation – As of July 1, 2022, the Foundation changed its accounting method for leases as a result of implementing the requirements in the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 842, Leases, using the modified retrospective transition method. There was no cumulative effect adjustment to the Foundation's statement of financial position as of July 1, 2022.

The new lease guidance requires the recognition of a right-of-use asset and a lease liability for operating leases. The Foundation elected the package of practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases. The Foundation has not elected the hindsight practical expedient.

As of July 1, 2022, \$457,404 in operating lease right-of-use assets and corresponding lease liabilities were recognized. Adoption of the new guidance did not have a significant impact to the statement of activities or cash flows for the year ended June 30, 2023.

As of July 1, 2023, \$1,037,000 in operating lease right-of-use assets and corresponding lease liabilities were recognized. Adoption of the new guidance did not have a significant impact to the statement of activities or cash flows for the year ended June 30, 2024.

FASB ASC 958 New Contributed Nonfinancial Assets Guidance – In September 2021, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. This standard was effective for the Foundation for the year ended June 30, 2024. The adoption of this guidance did not have a material impact on the Foundation's financial statements.

Projects, Grants, and Donations – Projects, grants, and donations, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is at the time when the conditions on which they depend are substantially met.

Projects, grants, and donations received with donor-imposed conditions that include one or more barriers and a right of return are deferred until the barriers are overcome or the right of return is released. At June 30, 2024 and 2023, there were no projects, grants, or donations classified as deferred revenue.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2024 and 2023

Note 1 – Nature of Operations and Significant Accounting Policies – Continued

Projects, Grants, and Donations – Continued – Projects representing exchange transactions are recognized on the percentage of completion method, whereby revenues on long-term contracts are recorded on the basis of the Foundation's estimates of the percentage of completion of contracts based on the ratio of actual cost incurred to total estimated costs. This cost-to-cost method is used because management considers it to be the best available measure of progress on these contracts. Revenues from cost-plus-fee contracts are recognized on the basis of costs incurred during the period plus the fee earned, measured on the cost-to cost method. At June 30, 2024 and 2023, the amount of exchange transactions that are classified as deferred revenue is \$1,593,726 and \$600,298, respectively. At June 30, 2024 and 2023, there were no exchange transactions classified as accrued revenue.

Projects, grants, and donations that are restricted by the donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the projects, grants, and donations are recognized. All other donor-restricted projects, grants, and donations are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions expire, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Functional Expenses – The cost of providing construction, design and consulting, and related costs for building health infrastructure have been summarized on a functional basis on the schedules of functional expenses. Accordingly, certain costs have been allocated among the programs benefited.

Advertising – Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2024 and 2023 were \$7,773 and \$4,160, respectively, and included in other operating costs on the schedules of functional expenses.

Foreign Currency Translation – The functional currency for the Foundation's affiliate is the local currency. The translation into U.S. dollars is performed at year end for assets and liabilities based on year-end exchange rates while revenue and expense accounts use a weekly or monthly spot rate. The resulting translation adjustments are recorded in net assets without donor restrictions.

Leases – The Foundation calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Income Tax Status – The Foundation is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. The Foundation is also exempt from state income taxes.

BUILD HEALTH INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2024 and 2023

Note 1 – Nature of Operations and Significant Accounting Policies – Continued

Income Tax Status – Continued – The Foundation recognizes and measures its unrecognized tax positions in accordance with FASB ASC 740, Income Taxes. Under that guidance, the Foundation assesses the likelihood, based on technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. The Foundation adopted the provisions of this standard on July 1, 2009 and has not identified any uncertain tax positions. Interest and penalties associated with unrecognized income taxes are classified as additional income taxes in the statement of activities. The Foundation is generally not subject to examination by taxing jurisdictions for years prior to June 30, 2021.

Reclassifications – Certain amounts in the June 30, 2023 financial statements have been reclassified to conform to the June 30, 2024 presentation, without any effect on income.

Subsequent Events – Management evaluated events or transactions subsequent to the balance sheet date for potential recognition or disclosure in the financial statements through September 23, 2024, which is the date the financial statements were available for issue.

Note 2 – Investments

Investments are carried at fair value and consist of the following at June 30, 2024:

	Cost	Fair Value	Unrealized Appreciation
Mutual funds	\$ 2,746,872	\$ 2,918,652	\$ 171,780
Common stock	1,428,749	1,983,418	554,669
Money market funds	46,943	46,943	-
Other	16,459	19,142	2,683
Total investments	<u>\$ 4,239,023</u>	<u>\$ 4,968,155</u>	<u>\$ 729,132</u>

Investments are carried at fair value and consist of the following at June 30, 2023:

	Cost	Fair Value	Unrealized Appreciation
Mutual funds	\$ 2,937,011	\$ 3,044,939	\$ 107,928
Money market funds	1,477,044	1,704,289	227,245
Common stock	692,188	692,188	-
Exchange-traded funds	8,817	8,831	14
Other	21,661	22,935	1,274
Total investments	<u>\$ 5,136,721</u>	<u>\$ 5,473,182</u>	<u>\$ 336,461</u>

BUILD HEALTH INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2024 and 2023

Note 2 – Investments – Continued

Investment income and net realized and unrealized gains consist of the following at June 30:

	2024	2023
Net increase in fair value of investments, including realized and unrealized gains and losses	\$ 335,709	\$ 205,643
Interest and dividend income	127,920	202,551
Investment income, net	<u>\$ 463,629</u>	<u>\$ 408,194</u>

Note 3 – Leasing Arrangements

Operating Leases

The Foundation rents its main operating facility. Monthly rent payments were \$12,005 through April 2023. The lease was amended to reduce monthly rent payments to \$11,211, effective May 1, 2023. The lease expires December 2025. Rent expense related to this operating facility for the years ended June 30, 2024 and 2023 were \$130,789 and \$140,370, respectively. The Foundation also has several month-to-month leases for warehouse space and office condos in Beverly, MA, Methuen, MA, Plaistow, NH, and Fond-des-Blancs, Haiti. Included in rent expense for the years ended June 30, 2024 and 2023 was \$161,303 and \$63,198, respectively.

The Foundation also entered into a new lease agreement for warehouse space in Gloucester, MA with monthly payments of \$18,720 for a period of 70 months, commencing upon the receipt of a certificate of occupancy. The certificate of occupancy was received on December 1, 2023. The lease terms state no rent payments for months one through four of the lease, and rent payments of \$9,360 for months five through ten of the lease. Commencing in month eleven, rent payments will increase to \$18,720, continuing for the remainder of the lease. Rent expense related to the warehouse for the year ended June 30, 2024 was \$117,936.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of June 30:

	2024	2023
Operating leases, right-of-use assets	<u>\$ 1,145,716</u>	<u>\$ 327,961</u>
Current portion of operating lease liabilities	\$ 287,875	\$ 127,266
Operating lease liabilities, less current portion	<u>943,953</u>	<u>197,799</u>
Total operating lease liabilities	<u>\$ 1,231,828</u>	<u>\$ 325,065</u>

BUILD HEALTH INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2024 and 2023

Note 3 – Leasing Arrangements – Continued

Future Minimum Lease Payments

Aggregate future minimum lease payments on all operating leases are as follows:

<u>Years Ending June 30,</u>	
2025	331,092
2026	291,906
2027	224,640
2028	224,640
2029	224,640
Thereafter	<u>56,159</u>
Total lease payments	1,353,077
Less: interest	<u>(121,249)</u>
Present value of lease liability	<u><u>\$ 1,231,828</u></u>

Note 4 – Fair Value Measurement

The Foundation is subject to the provisions of FASB ASC 820, Fair Value Measurements and Disclosures. ASC 820 defines fair value, establishes a framework to measure fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 quoted inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly. These may include quoted prices for similar securities.

Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

BUILD HEALTH INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2024 and 2023

Note 4 – Fair Value Measurement – Continued

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the valuation methods.

Money market funds, mutual funds, exchange traded funds, and common stock are principally valued at the regular trading session closing price on the exchange or market in which such funds are principally traded, using the market approach.

Fair values of financial instruments measured on a recurring basis at June 30, 2024 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Mutual funds	\$ 2,918,652	\$ 2,918,652	\$ -	\$ -
Common stock	1,983,418	1,983,418	-	-
Money market funds	46,943	46,943	-	-
Other	19,142	19,142	-	-
	<u>\$ 4,968,155</u>	<u>\$ 4,968,155</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values of financial instruments measured on a recurring basis at June 30, 2023 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Mutual funds	\$ 3,044,939	\$ 3,044,939	\$ -	\$ -
Money market funds	1,704,289	1,704,289	-	-
Common stock	692,188	692,188	-	-
Exchange-traded funds	8,831	8,831	-	-
Other	22,935	22,935	-	-
	<u>\$ 5,473,182</u>	<u>\$ 5,473,182</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5 – Property and Equipment

Property and equipment consist of the following at June 30:

	2024	2023
Construction equipment	\$ 185,713	\$ 92,003
Motor vehicles	173,627	173,627
Leasehold improvements	88,274	88,274
Warehouse equipment	15,690	15,690
Computers and equipment	6,265	6,265
	<u>469,569</u>	<u>375,859</u>
Accumulated depreciation and amortization	<u>(322,666)</u>	<u>(271,854)</u>
	<u>\$ 146,903</u>	<u>\$ 104,005</u>

BUILD HEALTH INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2024 and 2023

Note 6 – Financing Arrangements

Margin Loan

The Foundation maintained a margin account loan agreement with Fidelity Investments. Under the loan agreement, the Foundation borrowed against its investment account. Borrowings were collateralized by cash and securities held by the lending broker and bore interest of 5.00% at June 30, 2023. The Foundation borrowed \$800,000 and repaid the entire amount, including interest of \$4,035, during the year ended June 30, 2023.

Note 7 – Net Assets with Donor Restrictions

	<u>2024</u>	<u>2023</u>
Restricted for mission-related projects	<u>\$ 2,967,551</u>	<u>\$ 3,654,783</u>

Note 8 – Net Assets with Donor Restrictions Released

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes for the years ended June 30, as follows:

	<u>2024</u>	<u>2023</u>
Release of:		
Restriction for mission-related projects	<u>\$ 1,576,206</u>	<u>\$ 2,548,279</u>

Note 9 – Assets Available for General Expenditure (Net)

The following represents the financial assets available for general expenditure within one year of June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,280,590	\$ 805,643
Accounts receivable	559,472	311,791
Investments	<u>4,968,155</u>	<u>5,473,182</u>
Total assets available for general expenditure	<u>\$ 7,808,217</u>	<u>\$ 6,590,616</u>