

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

Smile Train, Inc. and Affiliates

June 30, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Smile Train, Inc. and Affiliates

Opinion

We have audited the consolidated financial statements of Smile Train, Inc. and Affiliates ("Smile Train"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Smile Train as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 Smile Train 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Smile Train's ability to continue as a going concern for one year after the date 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 consolidated 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 US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Smile Train'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Smile Train'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.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the

consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
May 14, 2024

Smile Train, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30,

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 10,038,128	\$ 18,650,361
Investments - board-designated operating reserve	89,605,632	91,198,495
Investments - board-designated endowment fund	249,990,774	241,306,823
Investments - donor-designated endowment fund	4,485,152	4,147,921
Contributions receivable	2,945,277	1,953,792
Goodwill	1,363,459	1,401,253
Inventory	125,433	38,780
Prepaid expenses and other assets	3,414,881	3,300,522
Property and equipment, net	19,794,663	21,116,425
Total assets	\$ 381,763,399	\$ 383,114,372
LIABILITIES AND NET ASSETS		
Liabilities		
Grants and contracts payable	\$ 7,094,899	\$ 10,377,443
Accounts payable and accrued expenses	6,970,999	7,675,303
Total liabilities	14,065,898	18,052,746
Net assets		
Without donor restrictions		
Board-designated operating reserve	89,605,632	91,198,495
Board-designated endowment fund	249,990,774	241,306,823
Undesignated	21,830,364	26,334,454
Total without donor restrictions	361,426,770	358,839,772
With donor restrictions	6,270,731	6,221,854
Total net assets	367,697,501	365,061,626
Total liabilities and net assets	\$ 381,763,399	\$ 383,114,372

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

Smile Train, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 91,542,762	\$ 7,728,286	\$ 99,271,048
Contributions in-kind	84,377,727	-	84,377,727
Investment income, net	27,069,635	507,762	27,577,397
Other income	752,072	-	752,072
Loss in currency transactions	(92,637)	-	(92,637)
Net assets released from restriction			
Satisfaction of purpose restrictions	8,187,171	(8,187,171)	-
Total support and revenue	211,836,730	48,877	211,885,607
Expenses			
Program services			
Treatment	142,361,300	-	142,361,300
Training	8,312,460	-	8,312,460
Public education	25,893,885	-	25,893,885
Total program services	176,567,645	-	176,567,645
Support services			
Management and general	1,904,221	-	1,904,221
Fundraising	30,777,866	-	30,777,866
Total supporting services	32,682,087	-	32,682,087
Total expenses	209,249,732	-	209,249,732
CHANGES IN NET ASSETS	2,586,998	48,877	2,635,875
Net assets, beginning of year	358,839,772	6,221,854	365,061,626
Net assets, end of year	\$ 361,426,770	\$ 6,270,731	\$ 367,697,501

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

Smile Train, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 90,102,207	\$ 6,197,207	\$ 96,299,414
Contributions in-kind	61,673,070	-	61,673,070
Investment loss, net	(41,367,989)	(789,154)	(42,157,143)
Other income	209,849	-	209,849
Loss in currency transactions	(388,961)	-	(388,961)
Net assets released from restriction Satisfaction of purpose restrictions	6,549,982	(6,549,982)	-
Total support and revenue	116,778,158	(1,141,929)	115,636,229
Expenses			
Program services			
Treatment	119,077,578	-	119,077,578
Training	7,491,937	-	7,491,937
Public education	16,937,986	-	16,937,986
Total program services	143,507,501	-	143,507,501
Support services			
Management and general	3,820,560	-	3,820,560
Fundraising	30,679,309	-	30,679,309
Total supporting services	34,499,869	-	34,499,869
Total expenses	178,007,370	-	178,007,370
CHANGES IN NET ASSETS	(61,229,212)	(1,141,929)	(62,371,141)
Net assets, beginning of year	420,068,984	7,363,783	427,432,767
Net assets, end of year	\$ 358,839,772	\$ 6,221,854	\$ 365,061,626

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

Smile Train, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

	Program Services				Supporting Services			
	Treatment	Training	Public Education	Total	Management and General	Fundraising	Total	Total
Grants	\$ 18,065,984	\$ 6,203,271	\$ 1,770,936	\$ 26,040,191	\$ -	\$ -	\$ -	\$ 26,040,191
Contracts with treatment partners	109,642,765	-	-	109,642,765	-	-	-	109,642,765
Medical advisory services	1,304,448	-	-	1,304,448	-	-	-	1,304,448
Salaries and employee benefits	5,852,106	1,492,857	1,848,954	9,193,917	907,950	6,636,497	7,544,447	16,738,364
Professional fees	2,731,620	224,341	74,780	3,030,741	486,425	626,365	1,112,790	4,143,531
Rents	179,803	33,887	11,296	224,986	226,820	86,478	313,298	538,284
Office expenses	675,705	155,114	51,704	882,523	204,794	378,113	582,907	1,465,430
Repairs and maintenance	1,367,522	77,972	25,991	1,471,485	21,189	214,250	235,439	1,706,924
Travel, food, and other	1,070,680	19,473	6,491	1,096,644	12,883	333,798	346,681	1,443,325
Marketing and fundraising infrastructure	1,117	-	7,073,564	7,074,681	2,427	12,046,474	12,048,901	19,123,582
Advertising	3,251	-	14,994,987	14,998,238	-	10,229,192	10,229,192	25,227,430
Depreciation and amortization	1,466,299	105,545	35,182	1,607,026	41,733	226,699	268,432	1,875,458
Total	<u>\$ 142,361,300</u>	<u>\$ 8,312,460</u>	<u>\$ 25,893,885</u>	<u>\$ 176,567,645</u>	<u>\$ 1,904,221</u>	<u>\$ 30,777,866</u>	<u>\$ 32,682,087</u>	<u>\$ 209,249,732</u>

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

Smile Train, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

	Program Services				Supporting Services			
	Treatment	Training	Public Education	Total	Management and General	Fundraising	Total	Total
Grants	\$ 13,098,566	\$ 6,232,742	\$ 3,081,068	\$ 22,412,376	\$ -	\$ -	\$ -	\$ 22,412,376
Contracts with treatment partners	95,198,384	-	-	95,198,384	-	-	-	95,198,384
Medical advisory services	1,210,109	-	-	1,210,109	-	-	-	1,210,109
Salaries and employee benefits	3,795,243	789,848	700,922	5,286,013	2,515,766	6,399,607	8,915,373	14,201,386
Professional fees	2,362,169	178,698	65,395	2,606,262	583,365	575,008	1,158,373	3,764,635
Rents	157,553	24,877	9,104	191,534	232,872	77,868	310,740	502,274
Office expenses	601,119	128,076	46,868	776,063	344,380	409,331	753,711	1,529,774
Repairs and maintenance	671,917	33,408	12,226	717,551	28,152	111,256	139,408	856,959
Travel, food, and other	913,456	3,892	1,424	918,772	15,091	261,955	277,046	1,195,818
Marketing and fundraising infrastructure	698	-	7,721,573	7,722,271	1,567	10,616,589	10,618,156	18,340,427
Advertising	6,999	-	5,262,666	5,269,665	230	11,940,103	11,940,333	17,209,998
Depreciation and amortization	1,061,365	100,396	36,740	1,198,501	99,137	287,592	386,729	1,585,230
Total	<u>\$ 119,077,578</u>	<u>\$ 7,491,937</u>	<u>\$ 16,937,986</u>	<u>\$ 143,507,501</u>	<u>\$ 3,820,560</u>	<u>\$ 30,679,309</u>	<u>\$ 34,499,869</u>	<u>\$ 178,007,370</u>

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

Smile Train, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30,

	2023	2022
Cash flows from operating activities:		
Changes in net assets	\$ 2,635,875	\$ (62,371,141)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,875,458	1,585,230
Net realized and unrealized (gains) losses	(21,085,304)	47,891,156
Donated securities	(538,660)	(1,191,210)
(Increase) decrease in contributions receivable	(991,485)	270,972
Increase in prepaid expenses and other assets	(114,359)	(1,143,859)
Increase in inventory	(86,653)	-
(Decrease) increase in grants and contracts payable	(3,282,544)	5,300,858
(Decrease) increase in accounts payable and accrued expenses	(704,304)	1,357,054
	(22,291,976)	(8,300,940)
Cash flows from investing activities:		
Purchases of investments	(101,027,003)	(135,589,299)
Proceeds from sale of investments	115,222,648	146,201,284
Purchases of property and equipment	(553,696)	(2,061,698)
	13,641,949	8,550,287
Effect of exchange rate changes on cash and cash equivalents	37,794	57,645
	(8,612,233)	306,992
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,612,233)	306,992
Cash and cash equivalents, beginning of year	18,650,361	18,343,369
Cash and cash equivalents, end of year	\$ 10,038,128	\$ 18,650,361

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

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1 - ORGANIZATION

Nature of Operations

Smile Train, Inc. and Affiliates (“Smile Train”) is an international children’s charity with a sustainable approach to a single, solvable problem: cleft lip and palate. Many children with clefts around the world live in isolation, but more importantly, have difficulty eating, breathing, hearing and speaking. Cleft repair surgery is simple, and the transformation is immediate. Our sustainable model provides training, funding and resources to empower local doctors in 90+ developing countries to support 100% free cleft repair surgery and comprehensive cleft care in their own communities.

The Smile Train UK, a non-profit organization, was incorporated in March 2006 under the laws of the United Kingdom as an affiliate of Smile Train, Inc. The Smile Train UK Trading Company Limited was incorporated in June 2014 under the Companies Act 2006 as a private company that is limited by shares with UK as the sole member.

The Smile Train India (“India”) was incorporated in August 2009 as a not-for-profit company under Section 25 of the Indian Companies Act 1956 as an affiliate of Smile Train, Inc.

The Smile Train Stiftung (“Germany”) was incorporated in October 2008 under civil law.

The Smile Train, Inc. Beijing Representative Office (“BRO”) was established in December 2013 as a non-governmental organization in China.

Yayasan Smile Train Indonesia (“Indonesia”) was incorporated as a Foundation in October 2014 pursuant to Pancasila and the 1945 Constitution of the Republic of Indonesia.

Smile Train Inc. established a branch office (“UAE”) in the International Humanitarian City, Dubai, UAE in December 2014.

Smile Train Philippines Foundation, Inc. (“Philippines”) was incorporated as a non-stock, non-profit organization in April 2016 in accordance with the Corporation Code of the Philippines (Batas Pambansa Blg. 68).

Associação Smile Train Brasil (“Brazil”) was incorporated in June 2015 as a private, non-profit organization, organized under Brazilian Laws for charitable and philanthropic purposes.

Fundación Smile Train Mexico, AC (“Mexico”), was incorporated in February 2017 as a Civil Association (charitable organization) under the laws of Mexico.

Simulare Medical Inc. (“Simulare”) was incorporated in October 2020 as a not-for-profit corporation under the laws of Canada. Simulare develops surgical simulators for specialized procedures like cleft lip and palate surgery that provide our partners with greater access to safe, high-quality training, particularly in regions with limited resources.

UK, India, Germany, BRO, Indonesia, UAE, Philippines, Brazil, Mexico, and Simulare’s objectives are congruent with Smile Train’s mission. These objectives are achieved through an ongoing marketing campaign used to raise awareness and receive donations within the United Kingdom, India, Germany, Indonesia, United Arab Emirates, Philippines, Brazil, Mexico, and Canada. Donations, net of related costs, are then made to Smile Train, which has the infrastructure in place to carry out the collective mission.

Smile Train Real Estate LLC (“Real Estate”) was formed in March 2017 for the purpose of holding certain real estate assets, which were transferred to Real Estate from Smile Train, Inc. during the year ended June 30, 2017. Real Estate is a disregarded entity for tax purposes with Smile Train, Inc. being its sole

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

corporate member. The net assets of Real Estate are reflected within the net assets and activities of Smile Train, Inc. on the accompanying consolidating schedules of financial position and activities and changes in net assets.

Smile Train International, LLC was formed in August 2013, exclusively to carry out the charitable and educational purposes of its sole member, Smile Train, Inc. This affiliate did not have any operating activity during the years ended June 30, 2023 or 2022.

The Smile Train (“Kenya”), Smile Train France (“France”), and The Smile Train Canada Foundation (“Canada Foundation”) are also affiliates of Smile Train, Inc. Kenya was formed in October 2006 as a charity under the laws of the country. France was incorporated in October 2008 as a charity organization under the laws of the country. Canada Foundation was incorporated in September 2016 as a corporation without share capital under the Canada Corporations Act. These affiliates are all domiciled outside of the United States and are recognized as tax-exempt entities within their respective countries of domicile. These affiliates did not have any operating activities during the years ended June 30, 2023 and 2022.

Tax Status

The Internal Revenue Service has recognized Smile Train, Inc. as a public charity exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the “Code” or “IRC”). Smile Train has likewise obtained exemption from state and local taxes in New York and some other jurisdictions in which it operates.

The Smile Train UK is a registered charity and as such is potentially exempt from taxation on its income and gains, to the extent that they fall within the charity exemptions in the Corporation Tax Act 2010 or Section 256 *Taxation of Chargeable Gains Act 1992*. During the years ended June 30, 2022 and 2021, no tax charges arose from the charity’s commercial trading activities. The Smile Train UK Trading Company Limited is a private company and was established to carry the commercial trading activities of its sole member, The Smile Train UK.

Smile Train India is registered with the Indian Revenue Service in India but has no taxable income. Donations to this subsidiary are eligible for tax deductibility to the extent of 50% under Section 80G of the Indian Income Tax Act.

According to the certificate from the tax office in Munich, Germany, Smile Train Stiftung is recognized as a charitable foundation. Smile Train Stiftung exclusively and immediately serves non-profitable purposes according to Art. 51 et seqq. of the German fiscal code.

Yayasan Smile Train Indonesia is a non-profit institution in accordance with the Law Number 16 of 2001 as amended by Law Number 28 of 2004 concerning foundations and all its amendment.

The Smile Train, Inc. Beijing Representative Office (“BRO”) is a non-governmental organization and is subject to enterprise income tax and business tax pursuant to the provisional regulations of the People’s Republic of China. The BRO has been approved to use the actual income and costs and expenses tax return declaration method of the State Council which results in zero tax liability due to the nature of the BRO’s activities.

Smile Train Philippines Foundation, Inc. is registered as a non-stock, non-profit organization, governed under Section 30(E) of the Republic Act No. 8424, *An Act Amending the National Internal Revenue Code, as Amended, and for Other Purposes*. The receipts from activities conducted in pursuit of the objectives for which the Philippines was established are exempt from income tax. However, any income arising from its real or personal properties, or from activities conducted for profit, regardless of the disposition made of such income, is subject to income tax.

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Smile Train Mexico has been authorized as a non-profit entity (donataria autorizada) by the Tax Service Administration (Servicio de Administracion Tributaria) and its revenue is exempt from income tax.

Simulare is incorporated under the Canada Not-for-Profit Corporations Act and generally is exempt from paying income tax.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The classification of Smile Train's net assets are based on the existence or absence of donor-imposed restrictions. Amounts for each of the two classes of net assets (with donor restrictions and without donor restrictions) are displayed in the accompanying consolidated statements of financial position and changes in each of those classes of net assets are displayed in the accompanying consolidated statements of activities and changes in net assets. The consolidated financial statements of Smile Train have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require Smile Train to report information regarding its consolidated financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. The net assets without donor restrictions may be used at the discretion of Smile Train's management and the Board of Directors.

During a fiscal year 2018 meeting of the Smile Train Board of Directors, the Board by resolution established a Quasi-Endowment Fund using all funds in excess of \$90 million currently held in Smile Train's general portfolio. At that same meeting, it was also resolved that 1 to 1.5 years of all-in operating budget would be maintained as an operating reserve, and that the operating reserve would not invest in alternative investments in order to ensure liquidity and minimize volatility.

Net Assets with Donor Restrictions

Net assets subject to donor-imposed stipulations that will be met by actions of Smile Train and/or the passage of time. When a donor-imposed restriction is fulfilled or when a time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Other net assets with donor restrictions that are subject to donor-imposed restrictions whereby the corpus must be maintained in perpetuity by Smile Train, allow Smile Train to use the all or part of the income earned on related investments for general purposes or donor restricted purposes.

The consolidated financial statements include the accounts of Smile Train and its affiliates. All intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Smile Train considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents, except for those amounts that are held in the investment portfolio which are considered to be invested for long-term purposes.

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Concentrations of Credit

Financial instruments which potentially subject Smile Train to concentrations of credit risk consist primarily of cash and cash equivalents and investments. Smile Train maintains cash and cash equivalents and investments in depository accounts with creditworthy, high-quality financial institutions which, at times, may exceed federally insured limits. Smile Train has not experienced, nor does it anticipate, any losses with respect to such accounts and believes it is not exposed to any significant credit risk related to its cash, cash equivalents or investments.

Investments

Investments are measured and reported at fair value. Changes in fair value are reported as net investment income in the accompanying consolidated statements of activities and changes in net assets.

The fair value of debt and equity securities with a readily determinable fair value is based on quotations obtained from national security exchanges. The fair value of non-U.S. Treasury debt securities is determined by a nationally recognized independent pricing service.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the consolidated statements of activities and changes in net assets in the period in which the securities are sold. Dividends are accrued based on the ex-dividend date. Interest is recognized as earned.

The alternative investments are carried at net asset value ("NAV") per share as provided by the investment managers as of the reporting date. Smile Train's management reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining their estimated fair value. Due to the inherent uncertainties of these estimates, these values may differ from the values that would have been reported had a ready market for such investments existed. In 2023 and 2022, these estimated fair values represented approximately 2% of total investments, each year.

All investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statements of financial position.

Fair Value Measurements

Smile Train accounts for fair value measurements under the accounting standard that establishes a hierarchy for the inputs used to measure fair value based on the nature of the data input which generally range from quoted prices for identical instruments in a principal trading market (Level 1) to estimates determined using related market data (Level 3). Multiple inputs may be used to measure fair value:

- Level 1 - Measurements that are most observable are based on quoted prices of identical instruments obtained from principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity.
- Level 2 - Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risks, and others; and

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Level 3 - Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

Inputs are used in applying the various valuation techniques and broadly refer to the assumption that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by Smile Train's management. Smile Train considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Smile Train's perceived risk of that instrument.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contributions revenue. Conditional promises to give are not included as support until the conditions are met. As of June 30, 2023 and 2022, Smile Train's contributions receivable consisted of unconditional promises to give that are expected to be collected within one year and Smile Train was not aware of any conditional promises.

Goodwill

Goodwill represents the excess of the cost of the assets acquired over the fair value of the net assets at the date of acquisition. Goodwill is not amortized and Smile Train will test for impairment annually, or more frequently if events or circumstances indicate that goodwill might be impaired. As of June 30, 2023 and 2022, management believes that Goodwill is not impaired.

Inventory

Inventory primarily represents cleft lip and cleft palate surgical simulator components packaging and other supplies and is stated at the lower of weighted average cost or market.

Surgery Advances

Smile Train advances money to Smile Train partners to either establish or help sustain cleft treatment programs. Surgery advances are included in prepaid expenses and other assets in the accompanying consolidated statements of financial position.

Property and Equipment, net

Smile Train capitalizes property and equipment in excess of \$5,000, which are stated at cost less accumulated depreciation and amortization, including costs incurred related to the purchase and renovation of its condominium. Management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered. Depreciation and amortization are calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives for condominium assets and improvements are 39 years and 15 years, respectively, and the useful lives for furniture and equipment range from 3 to 5 years. Maintenance and repair costs are expensed as incurred.

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Grants and Contracts Payable

Grants and contracts payable include all unconditional awards that have been authorized prior to Smile Train's fiscal year end, but remain unpaid as of June 30, 2023 and 2022. Grants and contracts payable as of June 30, 2023 and 2022 were \$7,094,899 and \$10,377,443, respectively. Conditional grants are expensed and considered an obligation in the period the conditions are substantially satisfied. Smile Train expensed approximately \$610,000 of conditional grants during each of the fiscal years ending June 30, 2023 and 2022. There were approximately \$1,170,000 and \$1,780,000 of conditional grants authorized as of June 30, 2023 and 2022, respectively. Smile Train expensed approximately \$25,430,000 and \$21,802,000 of unconditional grants during fiscal years 2023 and 2022, respectively.

Contributions

Smile Train recognizes revenue from contributions and grants in accordance with guidance under which Smile Train evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, Smile Train applies the guidance under ASC 606. If the transfer of assets is determined to be a contribution, Smile Train evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before Smile Train is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. During the year ended June 30, 2023 and 2022 there were no conditional pledges received by Smile Train.

Contributions are recorded as net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor's restriction expires (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 consolidated statement of activities and changes in net assets as net assets released from restrictions.

Contributions In-Kind

Contributions in-kind include donated services, materials, use of facilities and equipment and are recorded at their fair value on the date of donation (Note 6). Volunteers have also donated time to Smile Train's program services and fundraising campaigns. These services were not reflected in the accompanying consolidated statement of activities and changes in net assets because they do not meet the necessary criteria for recognition under U.S. GAAP.

Advertising

Smile Train expenses the cost of advertising as incurred. Advertising expenses were \$25,227,430 and \$17,209,998 for the years ended June 30, 2023 and 2022, respectively.

Smile Train received donated print, radio, online banners and television public service announcements with a fair value of \$14,482,619 and \$5,133,826 for the years ended June 30, 2023 and 2022, respectively. Such amounts, which are based upon information provided by third-party media services, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and public education program expense on the accompanying consolidated statements of activities and changes in net assets and functional expenses.

Donated Securities

Donated securities are promptly sold and recorded at their fair values as of the date they are received.

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Functional Allocation

The costs of providing program services and other activities of Smile Train have been classified on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management allocates the direct costs of its operations to its programs and services based upon the percentage of direct labor costs charged to each program and supporting services by Smile Train's staff.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Foreign Currency Translation

The functional currencies for the UK, India, Germany, Indonesia, Philippines, Brazil, Mexico and Simulare are the pound sterling, Indian rupees, Euros, Indonesian rupiah, Philippine peso, Brazilian real, Mexican peso and Canadian dollar, respectively. All elements of the consolidated financial statements are translated using the appropriate exchange rate. For assets and liabilities, the exchange rate at the date of the consolidated statements of financial position is used. For support and revenues, expenses, and gains and losses, an appropriately weighted-average exchange rate for the period is used to translate those amounts.

Income Taxes

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

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

New Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the consolidated statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease is required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. The standard was effective for Smile Train beginning in fiscal year 2023. Smile Train has determined that the adoption of ASU 2016-02 is not material to the consolidated financial statements.

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 3 - INVESTMENTS

Investments, held in Smile Train's board-designated operating reserve and endowment funds at June 30, 2023 and 2022, are reported at fair value and consisted of the following:

	2023	2022
Cash and cash equivalents	\$ 11,316,755	\$ 13,525,260
Equities - stocks and mutual funds	182,400,087	170,985,361
Fixed income - mutual funds	10,562,436	9,814,494
Real estate - mutual funds	1,161,729	1,246,195
Commodities - mutual funds	-	770,623
Fixed income - government bonds	39,196,130	27,425,681
Fixed income - corporate bonds	90,694,037	104,440,272
Alternative assets - hedge funds	8,750,384	8,445,353
Total investments	\$ 344,081,558	\$ 336,653,239

The following tables provide the fair value hierarchy of Smile Train's investments as of June 30, 2023 and 2022:

	2023			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents				\$ 11,316,755
Equities - stocks	\$ 140,463,323	\$ -	\$ -	140,463,323
Equities - mutual funds:				
Domestic	32,643,955	-	-	32,643,955
International	9,292,809	-	-	9,292,809
Fixed income - mutual funds	10,562,436	-	-	10,562,436
Real estate - mutual funds	1,161,729	-	-	1,161,729
Fixed income - government bonds	-	39,196,130	-	39,196,130
Fixed income - corporate bonds	-	90,694,037	-	90,694,037
Total	\$ 194,124,252	\$ 129,890,167	\$ -	324,014,419
Investments measured at NAV				8,750,384
Total investments				\$ 344,081,558

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

	2022			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents				\$ 13,525,260
Equities - stocks	\$ 125,893,717	\$ -	\$ -	125,893,717
Equities - mutual funds:				
Domestic	39,232,448	-	-	39,232,448
International	5,859,196	-	-	5,859,196
Fixed income - mutual funds	9,814,494	-	-	9,814,494
Real estate - mutual funds	1,246,195	-	-	1,246,195
Commodities - mutual funds	770,623	-	-	770,623
Fixed income - government bonds	-	27,425,681	-	27,425,681
Fixed income - corporate bonds	-	104,440,272	-	104,440,272
Total	\$ 182,816,673	\$ 131,865,953	\$ -	314,682,626
Investments measured at NAV				8,445,353
Total investments				\$ 336,653,239

Smile Train's equity securities and mutual funds trade on a major exchange. Accordingly, such equity securities and mutual funds are disclosed in Level 1 of the hierarchy.

The fixed income government bonds and fixed income corporate bonds employ a strategy of direct holdings of treasuries and fixed income positions to seek maximum total return consistent with the preservation of capital. The fair value estimates of such fixed income securities are based on observable market information rather than market quotes as of the measurement date. Accordingly, the estimates of fair value for such fixed income securities, are included in the fixed income securities amount disclosed in Level 2 of the hierarchy.

Smile Train invests in one hedge fund. This fund is not available to retail investors and is not publicly traded. The fair value estimate of this investment is based on NAV as provided by the respective investment manager. Because Smile Train uses NAV as a practical expedient for fair value, this investment is excluded from the fair value hierarchy.

Information with respect to redemption terms, strategies, risks and funding commitments for this investment as of June 30, 2023 and 2022 is as follows:

Strategy	Significant Investment Strategy	NAV in Funds	2023				
			\$ Amount of Unfunded Commitments	Timing of Draw Down Commitments	Redemption Frequency	Redemption Notice Period	Redemption Restrictions
Citi Hedge Fund ^(a)	Multi-strategy fund of hedge funds portfolio	\$ 8,750,384	\$ -	None	Quarterly	90 calendar days	N/A

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Strategy	Significant Investment Strategy	NAV in Funds	2022				
			\$ Amount of Unfunded Commitments	Timing of Draw Down Commitments	Redemption Frequency	Redemption Notice Period	Redemption Restrictions
Citi Hedge Fund ^(a)	Multi-strategy fund of hedge funds portfolio	\$ 8,445,353	\$ -	None	Quarterly	90 calendar days	N/A

(a) The Citi hedge fund investment is a concentrated, multi-strategy fund of hedge fund portfolio that seeks to provide investors attractive long-term capital appreciation, with moderate volatility and correlation to the broad equity and fixed income markets. In order to manage the overall volatility of its investments, this series primarily invests with portfolio managers employing different investment strategies. Due to this investment objective, the investment is intended for investors who are willing to subject their principal to increased risk in order to potentially generate a greater rate of return. The investment has provisions for quarterly redemptions provided that notice is made in writing 90 days prior to the applicable withdrawal date.

NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consisted of the following as of June 30:

	2023	2022
Condominium and improvements	\$ 20,101,220	\$ 20,101,220
Furniture and equipment	6,416,180	5,862,484
Total	26,517,400	25,963,704
Less: accumulated depreciation	<u>(6,722,737)</u>	<u>(4,847,279)</u>
Property and equipment, net	<u>\$ 19,794,663</u>	<u>\$ 21,116,425</u>

Depreciation and amortization expense was \$1,875,458 and \$1,585,230 for the years ended June 30, 2023 and 2022, respectively.

NOTE 5 - GOODWILL

Goodwill relates to the fiscal year 2021 acquisition of Simulare, a leader in the development of key cleft simulation training technology. The change in goodwill during fiscal year 2023 and 2022 consisted of a foreign currency exchange loss of \$37,794 and \$56,093, respectively.

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 6 - CONTRIBUTIONS IN-KIND

Contributions in-kind consisted of the following for the years ended June 30, 2023 and 2022:

<u>Contributed nonfinancial asset type</u>	<u>2023</u>	<u>2022</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
	<u>Revenue Recognized</u>	<u>Revenue Recognized</u>			
Grants and contracts with treatment partners	\$ 68,655,135	\$ 55,444,030	Programmatic	No associated donor restrictions	Excess of FMV rates established by hospitals, doctors and other providers over contract rates
Medical advisory services	1,239,973	1,095,214	Programmatic	No associated donor restrictions	FMV of goods or services valued using standard industry pricing for similar services
Advertising	<u>14,482,619</u>	<u>5,133,826</u>	Programmatic	No associated donor restrictions	FMV of goods or services valued using standard industry pricing for similar services provided by media companies
Total	<u>\$ 84,377,727</u>	<u>\$ 61,673,070</u>			

Grants and contracts with treatment partners consist of hospitals, doctors, and other providers performing surgeries and related services that are compensated at contract rates that are below the rates they charge based on their respective fee schedules. Smile Train adopted the policy of determining contributions of their services based on the excess of the fair value rates established on their fee schedules over the contract rates negotiated between them and Smile Train.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Treatment program services	\$ 1,785,579	\$ 2,073,933
Donor-designated endowments	<u>4,485,152</u>	<u>4,147,921</u>
	<u>\$ 6,270,731</u>	<u>\$ 6,221,854</u>

Smile Train's donor-designated endowments consists of two funds, one established for the purpose of supporting growth of cleft surgeries worldwide, and the other established for the purpose of supporting education and training in the areas of cleft lip and palate.

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

During the years ended June 30, 2023 and 2022, net assets were released from donor restrictions (by incurring expenses satisfying the restrictions) as follows:

	2023	2022
Treatment program services	\$ 8,152,588	\$ 6,549,982
Other	34,583	-
	\$ 8,187,171	\$ 6,549,982

NOTE 8 - ENDOWMENT FUNDS

On September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). NYPMIFA applies to endowments and, among other things, updates requirements governing investment conduct, expenditure of funds, delegation of management and investment, and release or modification of restrictions. Accounting guidance issued by the FASB addresses the disclosure of endowment funds and addresses the net asset classification of endowment funds for organizations subject to the State enacted NYPMIFA.

A key component of this guidance is a requirement to classify the portion of an endowment fund that is not classified as restricted net assets held in perpetuity as restricted net assets until appropriated for expenditure. In addition, the FASB issued guidance requiring new disclosures about an organization’s board-designated endowment funds.

Interpretation of Relevant Law

Smile Train’s Board of Directors has interpreted the NYPMIFA as requiring Smile Train, to act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulate endowment funds, taking into account both its obligations to preserve the value of the endowment and its obligation to use the endowment to achieve the purposes for which it was donated. Smile Train classifies the funds in the board-designated endowment fund as net assets without donor restrictions. Smile Train classifies the funds in the donor-designated endowment fund as net assets with donor restrictions. At June 30, 2023 and 2022, Smile Train has not spent below the historical dollar value of the endowment funds.

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	2023	
	With Donor Restrictions	Without Donor Restrictions
Endowment net assets, beginning of year	\$ 4,147,921	\$ 241,306,823
Net appreciation (realized and unrealized)	507,762	26,183,951
Transfers out, net	(170,531)	(17,500,000)
	\$ 4,485,152	\$ 249,990,774

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

	2022	
	With Donor Restrictions	Without Donor Restrictions
Endowment net assets, beginning of year	\$ 5,140,252	\$ 293,474,412
Net depreciation (realized and unrealized)	(789,154)	(37,167,589)
Contributions	10,000	-
Transfers in, net	(213,177)	(15,000,000)
Endowment net assets, end of year	\$ 4,147,921	\$ 241,306,823

NOTE 9 - ALLOCATION OF JOINT COSTS

Smile Train conducts direct mail campaigns and print advertising that include a program/educational component, along with the request for contributions. The costs of conducting these joint activities were allocated as follows:

	2023	2022
Program (education)	\$ 7,074,681	\$ 7,721,573
Fundraising	5,658,887	4,704,216
Total joint costs	12,733,568	12,425,789
Direct program	14,998,238	5,270,363
Direct fundraising	16,619,206	17,854,273
Total	\$ 44,351,012	\$ 35,550,425

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Operating Leases

Smile Train has entered into various non-cancelable operating leases for its existing office locations, which expire at various dates through fiscal 2028.

As of June 30, 2023, the minimum future annual rental payments are as follows for the years ending June 30:

2024	\$ 162,780
2025	117,191
2026	67,836
2027	2,470
2028	2,264
	\$ 352,541

Rent expense for Smile Train Inc. and its affiliates was \$538,284 and \$502,274 for the years ended June 30, 2023 and 2022, respectively.

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Contingencies

In the normal course of its operations, Smile Train is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of Smile Train is not aware of any claims or contingencies that would have a material adverse effect on Smile Train's consolidated financial position, changes in net assets or cash flows.

NOTE 11 - RETIREMENT PLAN

Smile Train Inc. established a defined contribution retirement plan, which covers all US based eligible full-time employees. Smile Train matches 100% of employees' contributions up to 6% of an employee's salary. Smile Train's contributions for the years ended June 30, 2023 and 2022, were \$499,665 and \$422,997, respectively.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2023 and 2022, the following financial assets could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

	2023	2022
Cash and cash equivalents	\$ 10,038,128	\$ 18,650,361
Investments	344,081,558	336,653,239
Contributions receivable	2,945,277	1,953,792
Total financial assets	357,064,963	357,257,392
Contractual or donor-imposed restrictions:		
Purpose or time restricted gifts	(1,785,579)	(2,073,933)
Donor-designated endowments	(4,485,152)	(4,147,921)
Board designations:		
Endowment funds	(249,990,774)	(241,306,823)
Operating reserve	(89,605,632)	(91,198,495)
Financial assets available to meet cash needs for general expenditures within one year	\$ 11,197,826	\$ 18,530,220

Smile Train examines liquidity required to meet its ongoing operating expenses regularly, considering all expenditures related to ongoing activities over a twelve-month period. Smile Train has an operating reserve that had a balance of approximately \$89.6 million and \$91.2 million at June 30, 2023 and 2022, respectively. This is a governing board-designated reserve to fund ongoing operating needs with the objective of setting funds aside to be drawn upon to bridge timing differences between pledge commitments and the receipt of cash as well as in the event of financial distress or an immediate liquidity requirement. The target for this reserve is a total of \$90 million, which was determined based on management's judgment about the appropriate amount of funds to have set aside in addition to working capital. Additionally, Smile Train expects from time to time to receive disbursements from the board-designated operating reserve as needed for short-term cash flow purposes with the approval of the Board. Contributions receivable are expected to be collected within one year.

Smile Train, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 14, 2024, which is the date the consolidated financial statements were available to be issued.

Smile Train is not aware of any material subsequent events that would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

Smile Train, Inc. and Affiliates
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

As of June 30, 2023

	Smile Train, Inc.	The Smile Train UK	Smile Train UK Trading Co.	Smile Train Brazil	Smile Train India	Smile Train Germany	Smile Train Indonesia	Smile Train Philippines	Smile Train Mexico	Simulare Medical	Eliminations	Total
ASSETS												
Cash and cash equivalents	\$ 5,075,451	\$ 2,177,364	\$ 13,033	\$ 374,714	\$ 478,743	\$ 430,546	\$ 1,151,904	\$ 166,630	\$ -	\$ 169,743	\$ -	\$ 10,038,128
Investments - board-designated operating reserve	89,605,632	-	-	-	-	-	-	-	-	-	-	89,605,632
Investments - board-designated endowment fund	249,990,774	-	-	-	-	-	-	-	-	-	-	249,990,774
Investments - donor-designated endowment fund	4,485,152	-	-	-	-	-	-	-	-	-	-	4,485,152
Contributions receivable	2,547,521	253,709	-	-	124,550	8,163	16,264	-	-	(4,930)	-	2,945,277
Due from affiliates	56,281	21,314	-	-	811	-	-	-	-	-	(78,406)	-
Goodwill	-	-	-	-	-	-	-	-	-	1,363,459	-	1,363,459
Inventory	-	-	-	-	-	-	-	-	-	125,433	-	125,433
Prepaid expenses and other assets	3,061,554	72,707	-	48,988	72,684	10,253	25,513	7,470	78,806	36,906	-	3,414,881
Property and equipment, net	19,747,767	-	-	-	27,067	133	-	3,167	-	16,529	-	19,794,663
Total assets	\$ 374,570,132	\$ 2,525,094	\$ 13,033	\$ 423,702	\$ 703,855	\$ 449,095	\$ 1,193,681	\$ 177,267	\$ 78,806	\$ 1,707,140	\$ (78,406)	\$ 381,763,399
LIABILITIES AND NET ASSETS												
Liabilities												
Grants and contracts payable	\$ 5,321,140	\$ -	\$ -	\$ 76,438	\$ 971,725	\$ -	\$ 441,605	\$ 270,003	\$ 13,988	\$ -	\$ -	\$ 7,094,899
Accounts payable and accrued expenses	5,453,240	1,069,280	1,109	30,821	343,332	4,072	25,649	18,268	2,229	22,999	-	6,970,999
Due to affiliates	814	56,278	21,314	-	-	-	-	-	-	-	(78,406)	-
Total liabilities	10,775,194	1,125,558	22,423	107,259	1,315,057	4,072	467,254	288,271	16,217	22,999	(78,406)	14,065,898
Net assets												
Without donor restrictions												
Board-designated operating reserve	89,605,632	-	-	-	-	-	-	-	-	-	-	89,605,632
Board-designated endowment fund	249,990,774	-	-	-	-	-	-	-	-	-	-	249,990,774
Undesignated	18,020,926	1,381,644	(9,390)	316,443	(678,278)	436,866	726,427	(111,004)	62,589	1,684,141	-	21,830,364
Total without donor restrictions	357,617,332	1,381,644	(9,390)	316,443	(678,278)	436,866	726,427	(111,004)	62,589	1,684,141	-	361,426,770
With donor restrictions	6,177,606	17,892	-	-	67,076	8,157	-	-	-	-	-	6,270,731
Total net assets	363,794,938	1,399,536	(9,390)	316,443	(611,202)	445,023	726,427	(111,004)	62,589	1,684,141	-	367,697,501
Total liabilities and net assets	\$ 374,570,132	\$ 2,525,094	\$ 13,033	\$ 423,702	\$ 703,855	\$ 449,095	\$ 1,193,681	\$ 177,267	\$ 78,806	\$ 1,707,140	\$ (78,406)	\$ 381,763,399

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and the consolidated financial statements and notes thereto.

