



**Consolidated Financial Statements,
Supplemental Information
and Reports Required for Audits
in Accordance with
Government Auditing Standards
and the *Uniform Guidance***

Partners In Health

June 30, 2023 and 2022



PARTNERS IN HEALTH

Consolidated Financial Statements, Supplemental Information and Reports Required for Audits in Accordance with Government Auditing Standards and the Uniform Guidance

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Independent Auditors' Report

Board of Directors
Partners In Health
Boston, Massachusetts

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Partners In Health (the "Organization"), 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 consolidated financial position of the Organization as of June 30, 2023 and 2022, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Organization changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective July 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated 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 the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 consolidated 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 the Organization'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 the Organization'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.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such 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, including comparing and reconciling such 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mayer Hoffman McCann P.C." in a cursive script.

Boston, Massachusetts
November 27, 2023

PARTNERS IN HEALTH

Consolidated Statements of Financial Position

June 30,

	2023	2022
Assets		
Cash and cash equivalents	\$ 92,804,386	\$ 174,531,058
Contributions receivable, net	4,665,176	3,610,704
Grants and other receivables	8,232,888	11,708,275
Prepaid expenses and other assets	11,876,952	11,717,765
Investments	181,762,184	63,275,708
Property and equipment, net	17,821,532	17,949,921
Right-of-use assets	10,791,683	-
	<u>327,954,801</u>	<u>282,793,431</u>
Total assets	\$ <u>327,954,801</u>	\$ <u>282,793,431</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 24,162,850	\$ 26,930,266
Deferred revenue	14,265,572	18,294,122
Operating lease liability	11,326,349	-
	<u>49,754,771</u>	<u>45,224,388</u>
Total liabilities	<u>49,754,771</u>	<u>45,224,388</u>
Net assets:		
Without donor restrictions	145,536,121	124,900,616
With donor restrictions	132,663,909	112,668,427
	<u>278,200,030</u>	<u>237,569,043</u>
Total net assets	<u>278,200,030</u>	<u>237,569,043</u>
Total liabilities and net assets	\$ <u>327,954,801</u>	\$ <u>282,793,431</u>

PARTNERS IN HEALTH

Consolidated Statement of Activities

Year Ended June 30, 2023
(with comparative total for 2022)

	2023			2022
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Total</i>
Revenue, gains and other support:				
Contributions	\$ 132,531,115	\$ 94,682,761	\$ 227,213,876	\$ 250,795,706
Government and other grants and contracts	180,172	35,992,232	36,172,404	74,929,765
Gifts in kind and contributed services	6,806,566	1,055,301	7,861,867	9,446,403
Investment (loss) return	4,022,295	1,160,155	5,182,450	(1,473,830)
Gain on sale of asset and other income	1,750,581	254,931	2,005,512	1,561,826
Expenditures from appropriated amounts under spending policy	421,668	(421,668)	-	-
Net assets released from restrictions	112,724,853	(112,724,853)	-	-
Total revenue, gains and other support	258,437,250	19,998,859	278,436,109	335,259,870
Expenses:				
Program services	207,842,941	-	207,842,941	220,093,624
Development	11,319,330	-	11,319,330	8,629,958
General and administration	18,103,290	-	18,103,290	14,778,763
Total expenses	237,265,561	-	237,265,561	243,502,345
Changes in net assets from operations	21,171,689	19,998,859	41,170,548	91,757,525
Change in value of charitable gift annuity	-	(3,377)	(3,377)	(7,820)
Foreign currency translation adjustment	(536,184)	-	(536,184)	(460,982)
Change in net assets for the year	20,635,505	19,995,482	40,630,987	91,288,723
Net assets, beginning of year	124,900,616	112,668,427	237,569,043	146,280,320
Net assets, end of year	\$ 145,536,121	\$ 132,663,909	\$ 278,200,030	\$ 237,569,043

PARTNERS IN HEALTH
Consolidated Statement of Activities

Year Ended June 30, 2022

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Revenue, gains and other support:			
Contributions	\$ 159,705,018	\$ 91,090,688	\$ 250,795,706
Government and other grants and contracts	24,032,737	50,897,028	74,929,765
Gifts in kind and contributed services	7,794,124	1,652,279	9,446,403
Investment return	(627,283)	(846,547)	(1,473,830)
Gain on sale of asset and other income	585,570	976,256	1,561,826
Expenditures from appropriated amounts under spending policy	233,143	(233,143)	-
Net assets released from restrictions	116,767,529	(116,767,529)	-
	<u>308,490,838</u>	<u>26,769,032</u>	<u>335,259,870</u>
Total revenue, gains and other support			
Expenses:			
Program services	220,093,624	-	220,093,624
Development	8,629,958	-	8,629,958
General and administration	14,778,763	-	14,778,763
	<u>243,502,345</u>	<u>-</u>	<u>243,502,345</u>
Total expenses			
Changes in net assets from operations	64,988,493	26,769,032	91,757,525
Change in value of charitable gift annuity	-	(7,820)	(7,820)
Foreign currency translation adjustment	(460,982)	-	(460,982)
	<u>64,527,511</u>	<u>26,761,212</u>	<u>91,288,723</u>
Change in net assets for the year			
Net assets, beginning of year	60,373,105	85,907,215	146,280,320
	<u>60,373,105</u>	<u>85,907,215</u>	<u>146,280,320</u>
Net assets, end of year	<u>\$ 124,900,616</u>	<u>\$ 112,668,427</u>	<u>\$ 237,569,043</u>

PARTNERS IN HEALTH

Consolidated Statements of Functional Expenses

Years Ended June 30,

	2023			
	<i>Program Services</i>	<i>Development</i>	<i>General and Administration</i>	<i>Total Expenses</i>
Human resources	\$ 69,830,175	\$ 3,702,956	\$ 13,239,479	\$ 86,772,610
Consumables	26,887,514	134,976	60,733	27,083,223
Durable goods	3,949,500	33,264	29,239	4,012,003
Operations	30,638,017	5,700,263	2,062,255	38,400,535
Administration	9,443,195	1,747,871	2,660,849	13,851,915
Infrastructure & equipment	16,910,456	-	50,735	16,961,191
Grants to partner organizations	50,184,084	-	-	50,184,084
	<hr/>	<hr/>	<hr/>	<hr/>
Total functional expenses	\$ 207,842,941	\$ 11,319,330	\$ 18,103,290	\$ 237,265,561
	<hr/>	<hr/>	<hr/>	<hr/>
	2022			
	<i>Program Services</i>	<i>Development</i>	<i>General and Administration</i>	<i>Total Expenses</i>
Human resources	\$ 81,565,991	\$ 3,151,049	\$ 9,274,767	\$ 93,991,807
Consumables	31,178,130	32,762	117,555	31,328,447
Durable goods	3,714,837	32,879	54,240	3,801,956
Operations	28,655,524	3,482,563	2,213,539	34,351,626
Administration	7,632,542	1,930,705	3,118,662	12,681,909
Infrastructure & equipment	10,348,133	-	-	10,348,133
Grants to partner organizations	56,998,467	-	-	56,998,467
	<hr/>	<hr/>	<hr/>	<hr/>
Total functional expenses	\$ 220,093,624	\$ 8,629,958	\$ 14,778,763	\$ 243,502,345
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See accompanying notes to the consolidated financial statements.

PARTNERS IN HEALTH
Consolidated Statements of Cash Flows
Years Ended June 30,

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 40,630,987	\$ 91,288,723
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,717,114	1,439,891
Net realized and unrealized (gain) loss on investments	(459,685)	1,834,750
Net realized and unrealized gain on foreign currency contract	(193,964)	(219,005)
(Gain) loss on sale of property and equipment	53,854	(16,788)
Cash collected on contributions restricted for long-term investment	(299,696)	(975,158)
Changes in operating assets and liabilities:		
Contributions receivable	(1,054,472)	(2,070,795)
Grants and other receivables, net	3,669,351	526,766
Right-of-use asset and lease liability	(2,381,699)	-
Prepaid expenses and other assets	(159,187)	(4,876,104)
Accounts payable and accrued expenses	(2,135,931)	5,080,920
Deferred revenue	(4,028,550)	7,006,947
Operating lease liability	2,284,880	-
	<u>37,643,002</u>	<u>99,020,147</u>
Net cash provided by operating activities	37,643,002	99,020,147
Cash flows from investing activities:		
Purchase of property and equipment	(1,670,896)	(4,788,345)
Proceeds from sale of property and equipment	28,316	26,653
Proceeds from the sale of investments	19,058,323	5,867,746
Purchases of investments	(137,085,113)	(25,543,514)
	<u>(119,669,370)</u>	<u>(24,437,460)</u>
Net cash used in investing activities	(119,669,370)	(24,437,460)
Cash flows from financing activities:		
Cash collected on contributions restricted for long-term investment	299,696	975,158
	<u>299,696</u>	<u>975,158</u>
Net cash provided by financing activities	299,696	975,158
Net change in cash and cash equivalents	(81,726,672)	75,557,845
Cash and cash equivalents, beginning of year	174,531,058	98,973,213
	<u>174,531,058</u>	<u>98,973,213</u>
Cash and cash equivalents, end of year	\$ <u>92,804,386</u>	\$ <u>174,531,058</u>

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 1 - Organization

Partners In Health, a Nonprofit Corporation (“PIH” or the “Organization”) is an international nongovernmental organization dedicated to delivering high quality health care to people and communities suffering from the joint burdens of poverty and disease. PIH’s work has three goals: to provide high quality care for patients, to alleviate the root causes of disease, and to share lessons learned around the world.

PIH supports affiliated entities throughout the world in carrying out their program objectives. PIH consolidates the accounts of its affiliated entities when the standards of control and economic interest are met. Those entities include Socios En Salud (Peru), Partners In Health Kazakhstan, Partners In Health Liberia, Partners In Health Sierra Leone, Inshuti Mu Buzima (Rwanda), Bo Mphato Litšebeletsong tsa Bophelo (Lesotho), Abwenzi Pa Za Umoyo (Malawi), Compañeros En Salud (Mexico), The University of Global Health Equity (Rwanda), and Partners In Health Canada. All of these entities were established and are governed under the laws of their respective countries.

PIH frequently grants funds to partner organizations that are independent and thus not consolidated into its accounts. PIH assists strategic partners through covering operating costs, most notably with Zanmi Lasante and Community Outreach & Patient Empowerment. Disbursements to partner organizations are presented as “Grants to partner organizations” in the consolidated statements of functional expenses.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. All inter-organizational balances and transactions are eliminated in consolidation.

Not-for-profit Status and Income Taxes

PIH is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the “Code”), and is generally exempt from income taxes at both a Federal and state level. Affiliates are likewise exempt from income taxes as per the laws of the respective countries. PIH is required to assess uncertain tax positions and has determined that there were no such positions that required recognition in the consolidated financial statements.

Cash and Cash Equivalents

PIH considers cash on hand, deposits in banks, certificates of deposit and short-term marketable securities with an original maturity of less than 90 days to be cash and cash equivalents. Cash and cash equivalents are reported at cost plus accrued interest. Cash and cash equivalents held by investment managers are considered to be part of investments. A substantial portion of cash balances include donor restrictions and deferred revenue type items.

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

PIH maintains its cash balances at several financial institutions, which, at times, may exceed federally insured limits. In addition, cash and cash equivalents in foreign institutions are subject to differing rules and risks. PIH monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Contributions, Grants and Other Receivables

Contributions, grants and other receivables are carried at their estimated collectible amounts. Receivables are periodically evaluated for collectability based on past credit history with the donors or funding sources and their current financial condition. Provisions for uncollectible amounts on the accounts are determined on the basis of loss experience, known and inherent risks and current economic conditions. Contributions expected to be realized over periods greater than one year are also discounted associated with the expected timing and risks associated with the underlying cash flow.

Investments

Investments are carried at fair market value consistent with the fair value policies described elsewhere in the summary of significant accounting policies.

Investment return (loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized gains and losses.

Fair Value Measurements

PIH defines fair value as 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. Fair value is determined using a hierarchy of valuation methods based on the nature of underlying data available to value such items. In addition, certain items that do not fit into the hierarchy system are valued at the net asset value per share which is deemed to be a practical expedient for fair value when certain criteria are met. The three levels of the fair value hierarchy are described below:

Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include publicly traded securities.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date and fair value is determined through the use of models or other valuation methodologies such as comparison to like instruments on the measurement date.

Level 3 - Pricing inputs are unobservable for the instruments and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment is stated at cost, or if donated, at fair value at the date of donation when its useful life is greater than one year and amounts exceed a management determined capitalization threshold. PIH provides for depreciation and amortization using the straight-line method over the estimated useful lives:

Buildings and improvements	25-46 years
Leasehold improvements	Over lesser of asset life or lease term
Vehicles and equipment	3-5 years
Capitalized software	5-10 years

Repairs and maintenance are expensed as incurred.

PIH deploys a portion of its funds for the construction and equipping of hospitals and healthcare centers on behalf of local governments. These facilities are operated in partnership by PIH and the local governments to deliver health care services. For the most part, PIH considers these facilities, including the furniture and equipment contained therein, the property of the local government or the relevant party, and thus associated construction, renovation, and equipment costs are expensed as incurred. Exception to this is the campus of the University of Global Health Equity (“UGHE”) in Rwanda and the training center and warehouse in Sierra Leone, where PIH does in fact own those buildings, furniture, and equipment and records amounts for these according to the property and equipment policy above.

Leases

PIH leases office space and equipment under operating lease arrangements through March 2040 for which expense is recognized on a straight-line basis over the lease term.

Effective July 1, 2022, PIH adopted changes required in lease accounting on the modified retrospective method which requires that operating leases be included as operating lease right-of-use (ROU) assets, and operating lease liabilities on the accompanying consolidated statements of financial position as of the date of adoption. The effect of this change was an increase in right-of-use assets of \$13,191,462 and a corresponding liability of \$13,577,404 being recorded as of July 1, 2022.

ROU assets represent PIH’s right to use an underlying asset for the lease term and lease liabilities represent PIH’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As PIH’s leases do not provide an implicit rate, PIH uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments.

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Leases (Continued)

PIH has included in its computations of its ROU assets and related obligations operating costs included in the base rent agreement of its office space as a single component as permitted under lease accounting standards. These costs are adjusted periodically based on actual period costs and are charged to lease expense as incurred. Lease expense was approximately \$3,505,156 and \$3,313,490 for the years ended June 30, 2023 and 2022, respectively.

Classification of Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* – net assets available for general use and not subject to donor restrictions. Included in this category is the net investment in property and equipment, non-recurring transformational gifts, and a board-designated fund established to set aside monies for the purpose of assuring longer term stability for core programs.
- *Net assets with donor restrictions* – net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity in endowment accounts. Net assets with donor restrictions also includes accumulated unspent gains on the endowments.

Recognition of Revenue and Deferred Revenue

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Revenues are earned under both what are considered exchanges of values or contributed support. Two funders provided approximately 27% and 28% of total revenue for the years ended June 30, 2023 and 2022, respectively.

Exchange Transactions

Under accounting standards, revenue measurement for earned revenues are considered exchange type transactions which are recorded as revenue using a principles-based process that requires the entity to: 1) identify the contract with the customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied.

Revenue from government and other grants and contracts included in without donor restrictions are exchange transactions in which PIH earns revenue for providing services at an agreed upon rate as documented within the corresponding arrangement. Revenue is recognized as services are provided. Certain revenue from government and other grants and contracts is considered contributed support and thus is included in with donor restrictions as more fully discussed below.

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Recognition of Revenue and Deferred Revenue (Continued)

Contributed Support

Contributed support, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor, while conditional contributions are recorded as revenue as conditions are met. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in these policies. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of discounts are included in contribution revenue in accordance with the donor-imposed restrictions, if any. Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses in accordance with the restriction are recorded as revenue within net assets with donor restrictions and reclassified to net assets without donor restrictions when such time or purpose restrictions have been satisfied.

Certain contributed support items are considered conditional contributions in that such amounts are not earned until certain performance barriers are met. For example, certain grants and contracts only allow for the reimbursement of costs under a specified framework and thus the revenue associated with such is not considered earned until such valid qualifying cost has been incurred. In other cases, conditional contributions might require that a matching amount of funds be raised or might provide for limited discretion by PIH over the use of funds. These funds are considered earned and are reported as revenue when PIH has met their performance obligation which typically is incurring of expenditures or meeting other conditions of the support. Funds received in advance under these arrangements are accounted for as deferred revenue until PIH has met its applicable performance obligations. Expenditures incurred in advance of funds being received under a conditional grant are recorded as revenue and as grants or accounts receivable when the costs are incurred.

PIH also records certain gifts-in-kind that are recorded as revenue and expenses, such as medical supplies which are valued based on wholesale values that would be incurred for purchasing similar medicines and goods. PIH also receives in-kind professional services, primarily pro bono legal support, which are valued at the estimated fair value of the current rate of similar legal services. PIH does not sell in-kind contributions to support its operations.

Investment (Loss) Return

Investment (loss) return includes interest, dividends, realized and unrealized (losses) and gains net of investment management fees using fair value of the underlying position as of year end. The net investment (loss) return is allocated ratably based on the relative proportion of funds invested with donor restrictions and those without donor restrictions. Amounts allocated to endowment type funds are allocated to net assets with donor restrictions and remain in such category until appropriated by the board under the board approved spending policy unless the terms of the gift contain other instructions on use in which case those requirements are followed.

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Expense Recognition

Expenses are reported as decreases in net assets without donor restrictions.

Foreign Currency Translation

The functional currency for the majority of PIH's affiliates 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.

Grants to Partner Organizations

PIH routinely awards grants to partner organizations. PIH supports various activities, including, both organizational operating costs as well as program specific grants in areas such as non-communicable diseases, tuberculosis research, and COVID-19. Grants made to partner organizations are recognized as expenses without donor restrictions in the period to which PIH verifiably commits to the grant or as applicable expenditures are incurred.

Functional Allocation of Expenses

The costs of implementing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services, development, and general and administration categories in accordance with the standards for accounting for joint activities. Depreciation of property and equipment have been allocated to functional classifications based on benefit received by the program.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies, the reported amounts of revenues and other support, and the expenses during the reporting periods. Actual results could vary from these estimates.

Pending Accounting Standards

Certain other accounting standards are pending that management believes will not have a material effect on future periods and thus a summary of those has not been included here.

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 3 - Liquidity and Availability

PIH regularly monitors liquidity to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. PIH has various sources of liquidity at its disposal, including cash and cash equivalents, marketable equity securities and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, PIH considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, PIH has sought to operate with at least a balanced budget in recent years, though there may be periods in the future in which the decision is made to utilize accumulated resources for current program needs.

Financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisted of:

	2023	2022
Cash and cash equivalents	\$ 92,804,386	\$ 174,531,058
Investments	181,762,184	63,275,708
Grants receivable, net	8,232,888	11,708,275
Contribution receivable, net	4,665,176	3,610,704
Endowment appropriations for the next twelve months	<u>322,594</u>	<u>313,617</u>
Total financial assets	<u>287,787,228</u>	<u>253,439,362</u>
 Less:		
Investments with liquidity horizons greater than one year	(66,994,230)	(13,272,372)
Contributions receivable due after one year, net	(4,072,849)	(3,251,277)
Contributions receivable with restrictions outside of general operating, net	(235,831)	(184,038)
Board designated funds	(32,438,991)	(30,575,083)
Funds with donor-imposed restrictions outside of general operating	<u>(93,128,933)</u>	<u>(73,736,518)</u>
 Total financial assets available to meet general expenditures within one year	 \$ <u>90,916,394</u>	 \$ <u>132,420,074</u>

None of the financial assets included above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year. PIH has a goal to maintain financial assets, which consists of cash and short-term investments, on hand equal to 25% of the annual operating budget at the lowest cash point during the year. As part of its liquidity management, PIH invests cash in excess of daily requirements in various short-term, liquid investments. Further, as described in Note 9, PIH also has a line of credit which had availability of \$5.5 million as of June 30, 2023 and 2022, which can be used in the event of an unanticipated liquidity need.

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 4 - Receivables

Contributions receivable represent pledges receivable pending receipt as of year end.

Grants receivable represent amounts accrued for work completed under grant and contracts with governments, multilateral and research institutions, and institutional foundations. All amounts due within the fiscal year are recorded at face value without discounting.

Contributions and grants receivable balances have been estimated to be collectable and thus no allowance for doubtful accounts has been provided as of June 30, 2023 and 2022.

Contributions receivable are expected to be realized in the following time frame as of June 30:

	2023	2022
Amounts expected to be collected in:		
One year or less	\$ 655,088	\$ 402,554
Two to five years	1,952,319	901,122
Greater than five years	2,954,277	3,162,357
Less:		
Discount to present value	<u>(896,508)</u>	<u>(855,329)</u>
Contributions receivable, net	<u>\$ 4,665,176</u>	<u>\$ 3,610,704</u>

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 5 - Investments

The following tables summarize PIH's investments in accordance with the fair value hierarchy as of June 30:

2023					
<i>Investments</i>					
<i>Measured</i>					
<i>Total</i>	<i>at NAV</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
Investments					
Cash equivalents	\$ 88,863,836	\$ -	\$ 88,863,836	\$ -	-
Mutual funds	706,085	-	706,085	-	-
Equity securities	13,282,845	-	13,282,845	-	-
Fixed income	78,333,046	-	75,523,611	2,809,435	-
Real estate investment trusts	167,210	-	167,210	-	-
Private equity and alternatives	387,242	387,242	-	-	-
Split interest agreements:					
Insurance contract	21,920	-	-	-	21,920
Total assets at fair value	\$ 181,762,184	\$ 387,242	\$ 178,543,587	\$ 2,809,435	\$ 21,920

2022					
<i>Investments</i>					
<i>Measured</i>					
<i>Total</i>	<i>at NAV</i>	<i>Level 1</i>	<i>Level 3</i>		
Investments					
Cash equivalents	\$ 50,690,270	\$ -	\$ 50,690,270	\$ -	-
Mutual funds	701,131	-	701,131	-	-
Equity securities	6,342,660	-	6,342,660	-	-
Fixed income	4,949,028	-	4,949,028	-	-
Real estate investment trusts	137,700	-	137,700	-	-
Private equity and alternatives	429,622	429,622	-	-	-
Split interest agreements:					
Insurance contract	25,297	-	-	-	25,297
Total assets at fair value	\$ 63,275,708	\$ 429,622	\$ 62,820,789	\$ 25,297	-

Investments measured at NAV have redemption periods of over ninety days.

There were no transfers between the levels within the fair value hierarchy during fiscal 2023 or 2022.

Unfunded commitments amounted to \$184,860 as of June 30, 2023.

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 6 - Property and Equipment

Property and equipment is summarized as follows at June 30:

	2023	2022
Land	\$ 1,067,835	\$ 1,179,019
Building and improvements	13,761,650	13,919,510
Equipment and furniture	5,768,453	5,172,083
Vehicles	6,942,074	6,268,832
Capitalized software	2,601,733	2,527,217
Total property and equipment, gross	<u>30,141,745</u>	<u>29,066,661</u>
Less accumulated depreciation and amortization	<u>(12,320,213)</u>	<u>(11,116,740)</u>
Total property and equipment, net	<u>\$ 17,821,532</u>	<u>\$ 17,949,921</u>

Depreciation and amortization expense was approximately \$1,717,000 and \$1,440,000 for the years ended June 30, 2023 and 2022, respectively.

Note 7 - Leases

Future minimum lease payments under operating leases are as follows as of June 30, 2023:

2024	\$ 2,928,590
2025	2,752,145
2026	2,707,696
2027	2,639,483
2028	979,879
Thereafter	<u>136,314</u>
Total minimum lease payments	12,144,107
Less: imputed interest	<u>(817,758)</u>
Total	<u>\$ 11,326,349</u>

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 7 - Leases (Continued)

Other information related to operating leases is as follows for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities	\$	2,624,135
Right-of-use assets obtained in exchange for lease obligations	\$	13,428,486
Weighted average remaining lease term (years)		5.04
Weighted average discount rate		3.02%

Note 8 - Net Assets and Endowment Related Matters

Net assets without donor restrictions consisted of the following as of June 30:

	2023	2022
Net investment in property and equipment	\$ 17,821,532	\$ 17,949,921
Board-designated assets	32,438,991	30,575,083
Non-recurring transformational assets	64,676,671	45,905,074
Other assets	<u>30,598,927</u>	<u>30,470,538</u>
	<u>\$ 145,536,121</u>	<u>\$ 124,900,616</u>

Contributions are made to the board-designated assets at the discretion of the board.

In fiscal 2022, PIH received a transformational level, undesignated gift that has provided a growth opportunity for the Organization through the use of these funds towards the strategic plan over the next several years. Additionally, in fiscal 2023, PIH received transformational level, unrestricted donations in honor of Paul Farmer which will further PIH's long-term strategic initiatives. Management has segregated these amounts as it expected to monitor and track the use of these resources over time.

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 8 - Net Assets and Endowment Related Matters (Continued)

Net assets with donor restrictions include the following at June 30:

	2023			
	Beginning Balance	Additions and Net Investment Returns	Releases	Ending Balance
UGHE	\$ 9,552,564	\$ 50,241,947	\$ (8,535,610)	\$ 51,258,901
Multi-Site Support	56,141,742	31,750,765	(52,009,733)	35,882,774
Sierra Leone	18,099,853	11,777,812	(8,982,079)	20,895,586
Haiti	14,137,973	6,256,708	(10,923,539)	9,471,142
US Strategy	3,590,961	5,837,472	(7,115,852)	2,312,581
Rwanda	1,073,572	6,115,365	(5,141,090)	2,047,847
Peru	550,857	16,157,566	(15,304,120)	1,404,303
Mexico/Guatemala	875,809	928,892	(1,079,969)	724,732
Malawi	574,641	1,395,886	(1,753,054)	217,473
Liberia	259,899	1,079,388	(1,171,612)	167,675
Lesotho	118,185	658,795	(708,195)	68,785
Total funds held for specific purpose	<u>104,976,056</u>	<u>132,200,596</u>	<u>(112,724,853)</u>	<u>124,451,799</u>
Endowment corpus	7,075,210	299,696	-	7,374,906
Accumulated unspent gains	617,161	641,711	(421,668)	837,204
Total endowment	<u>7,692,371</u>	<u>941,407</u>	<u>(421,668)</u>	<u>8,212,110</u>
Total net assets with donor restrictions	\$ 112,668,427	\$ 133,142,003	\$ (113,146,521)	\$ 132,663,909
	2022			
	Beginning Balance	Additions and Net Investment Returns	Releases	Ending Balance
Multi-Site Support	\$ 35,406,555	\$ 59,622,533	\$ (38,887,346)	\$ 56,141,742
Sierra Leone	12,731,353	9,662,201	(4,293,701)	18,099,853
Haiti	4,427,567	24,897,090	(15,186,684)	14,137,973
UGHE	16,969,974	6,688,418	(14,105,828)	9,552,564
US Strategy	3,016,726	17,576,336	(17,002,101)	3,590,961
Rwanda	3,163,074	1,957,593	(4,047,095)	1,073,572
Mexico/Guatemala	36,434	1,592,065	(752,690)	875,809
Malawi	298,198	1,610,706	(1,334,263)	574,641
Peru	1,101,536	17,647,065	(18,197,744)	550,857
Liberia	432,824	1,735,627	(1,908,552)	259,899
Lesotho	475,915	693,795	(1,051,525)	118,185
Total funds held for specific purpose	<u>78,060,156</u>	<u>143,683,429</u>	<u>(116,767,529)</u>	<u>104,976,056</u>
Endowment corpus	6,100,052	975,158	-	7,075,210
Accumulated unspent gains	1,747,007	(896,703)	(233,143)	617,161
Total endowment	<u>7,847,059</u>	<u>78,455</u>	<u>(233,143)</u>	<u>7,692,371</u>
Total net assets with donor restrictions	\$ 85,907,215	\$ 143,761,884	\$ (117,000,672)	\$ 112,668,427

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 8 - Net Assets and Endowment Related Matters (Continued)

Endowment

The PIH endowment is a grouping of several endowment funds, including the Ophelia Dahl Endowment, designed to provide longer term funding for both general operations and specific initiatives.

Endowment activity was as follows for the years ended June 30:

	2023	2022
Endowment assets and those functioning as endowment assets at July 1	\$ <u>7,692,371</u>	\$ <u>7,847,059</u>
Contributions and additions	299,696	975,158
Investment return (loss)	645,088	(888,883)
Change in value of charitable gift annuity	(3,377)	(7,820)
Expenditures:		
Expenditures from appropriation of endowment assets	<u>(421,668)</u>	<u>(233,143)</u>
Net change in endowment assets and those functioning as endowment assets	<u>519,739</u>	<u>(154,688)</u>
Endowment assets and those functioning as endowment assets at June 30	\$ <u>8,212,110</u>	\$ <u>7,692,371</u>

The funds held by net assets with donor restrictions all represent corpus and accumulated unspent gains that are available to support the various programs of PIH. These funds are subject to appropriation policies of the Board of Directors.

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as enacted in Massachusetts permits PIH to appropriate for expenditure or accumulate so much of an endowment fund as PIH determines is prudent for the uses, benefits, purposes and duration for which the endowment is established subject to the intent of the donor as expressed in the gift instrument. Seven criteria are to be used to guide PIH in its yearly expenditure decisions: 1) duration and preservation of the endowment fund; 2) the purposes of PIH and the endowment fund; 3) general economic conditions; 4) effect of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) resources of PIH; and 7) the investment policy of PIH.

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 8 - Net Assets and Endowment Related Matters (Continued)

Interpretation of Relevant Law (Continued)

Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of funds among factors for prudent spending suggests that a donor-restricted endowment fund is still perpetual in nature. Under UPMIFA, the Board is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below historic dollar value. There is an expectation that, over time, the endowment corpus will remain intact. This perspective is aligned with the accounting standards definition that endowment corpus funds are those that must be held in perpetuity even though the historic-dollar-value may be dipped into on a temporary basis.

PIH tracks the original value of gifts donated to the endowment, subsequent gifts to the endowment, and accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Investment returns are also allocated to endowment type funds and tracked separately such that information on the above corpus value is maintained. To the extent that there is unappropriated investment returns, such amounts are tracked in accordance with the original restriction of the gift until appropriated for spending by the Board.

Spending Policy

The Organization's endowment spending policy is calculated as 80% of distributions in the prior year adjusted for the applicable inflation/deflation rate plus 20% times 4% to 5% of the average 12 month market value of the endowment. For the year ended June 30, 2023, \$313,617 was calculated and approved for spending, of which \$421,668 was spent in accordance with the corresponding purpose and from prior year accumulated appropriated amounts which had yet to be spent. For the year ended June 30, 2022, \$285,432 was calculated and approved for spending, of which \$233,143 was spent in accordance with the corresponding purpose. Actual spend may vary from calculated spend based on stipulations imposed on such funds.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, PIH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). PIH targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, PIH seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 9 - Line of Credit

PIH maintains a \$6 million line of credit with a bank primarily for seasonal liquidity needs in advance of the calendar year end giving period. The line bears interest as a variable rate as defined in the agreement which would have resulted in interest rates of 5.2% and 4.1% at June 30, 2023 and 2022, respectively, if the line of credit had been in use. PIH must repay the full principal and interest outstanding by December 31st each year and cannot borrow again for a period of 60 days. The line is subject to an internal annual review by the bank each January. PIH also maintains a letter of credit for \$500,000 in favor of its landlord which is considered utilization against the line and thus \$5.5 million of the line of credit is available. There were no outstanding borrowings on the line at June 30, 2023 and 2022.

Note 10 - Gifts in Kind and Contributed Services

PIH receives donations of medicines and other goods, as well as contributed legal services without charge. Donated medicines and goods are used to carry out PIH's mission at each of its locations. PIH also has relationships with various hospitals that provide healthcare and pathology services for PIH patients for minimal fees or free of charge. The estimated fair value of these donations are recorded as contributions in the consolidated statements of activities and allocated to program services, development or administration expenses according to the nature of the item contributed. During the year ended June 30, 2023, PIH received approximately \$1,100,000 of medical supplies as a gift in kind which were used for their donor-specified purpose. There are no donor-imposed restrictions on any gifts in kind and contributed services at June 30, 2023 and 2022.

Gifts in kind and contributed services is summarized as follows as of June 30:

	2023	2022
Donated medicines and goods	\$ 6,067,188	\$ 7,049,745
Contributed services	<u>1,794,679</u>	<u>2,396,658</u>
Estimated fair value of donations	<u>\$ 7,861,867</u>	<u>\$ 9,446,403</u>

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 11 - Grants to Partner Organizations

Grants to partner organizations are recorded in the consolidated statements of activities under program services and include the following as of June 30:

	2023	2022
Zanmi Lasante (Haitian NGO)	\$ 41,544,414	\$ 41,174,961
Médecins Sans Frontières (French NGO)	1,455,928	2,225,340
Community Outreach & Patient Empowerment (COPE)	2,248,474	1,330,488
IRD Global Limited	959,016	421,315
President and Fellows of Harvard College	769,217	669,292
Other	<u>3,207,035</u>	<u>11,177,071</u>
	<u>\$ 50,184,084</u>	<u>\$ 56,998,467</u>

Grants to Zanmi Lasante in Haiti are for operating costs, including salaries and benefits, pharmaceuticals, construction, equipment and furnishings, and social support.

Grants to Médecins Sans Frontières (MSF) are related to specific activities the organization is performing as a sub-recipient on an end-TB grant from UNITAID.

Grants to Community Outreach & Patient Empowerment (COPE) are for specific activities taking place in the Navajo Nation.

Grants to IRD Global Limited are related to specific activities the organization is performing as a sub-recipient on an end-TB grant from UNITAID.

Grants to President and Fellows of Harvard College are related to specific activities the organization is performing as a sub-recipient on an end-TB grant from UNITAID, as well as for grants made for various activities under multi-site support.

The Other category includes grants made for various activities under end-TB, non-communicable disease grants, and grants made for COVID-19 relief.

Note 12 - Charitable Gift Annuities

Payments to beneficiaries of charitable gift annuities are recorded as liabilities in the consolidated statements of financial position using present value calculations based on actuarial tables and discount rates given the time periods involved. PIH recorded charitable gift annuity liabilities of \$1,627,195 and \$1,534,329 as of June 30, 2023 and 2022, respectively.

Charitable gift annuity assets are included within the investment portfolio and are separately managed for the benefit of the annuitants. Total charitable gift annuity assets totaled approximately \$3,997,990 and \$3,608,000 as of June 30, 2023 and 2022, respectively.

PARTNERS IN HEALTH

Notes to Consolidated Financial Statements

Note 13 - Derivatives and Foreign Currency Transactions

The Organization's use of derivatives is limited to one foreign currency contract. PIH entered a forward contract during fiscal year 2023 to hedge against foreign currency fluctuations related to the South African Rand. Losses of (\$193,964) and (\$219,005) are included in investment (loss) return as of June 30, 2023 and 2022, respectively.

The following is a summary of the foreign currency contract outstanding as of June 30:

Country	Maturity Dates	Forward Position in U.S. Dollars	Local Currency
South Africa	July 1, 2023 - December 30, 2023	\$ 1,200,000	20,352,160 Rand

Note 14 - Contingencies

PIH is subject to post award oversight relative to certain of its revenue funded by federal, state and other funders. Management believes that it is in compliance with all material requirements associated with its various funders and thus expects that any post award review would not have a material effect on reported amounts.

Note 15 - Retirement Plan

PIH has a qualified defined contribution retirement plan organized under IRS Code Section 401(k) that covers substantially all U.S.-based employees. Expenses under the plan were approximately \$800,000 and \$670,000 during the years ended June 30, 2023 and 2022, respectively.

Note 16 - Federal Support Associated with COVID

Contact Tracing Program

During fiscal 2022, PIH earned \$24,089,845 from a contract with the Commonwealth of Massachusetts for contact tracing and other services related to COVID-19. Services under this contract have concluded in fiscal 2022.

Note 17 - Subsequent Events

In connection with the preparation of the consolidated financial statements, PIH evaluated subsequent events after the consolidated statement of financial position date of June 30, 2023 through November 27, 2023, which was the date the consolidated financial statements were available to be issued, and determined that no subsequent event activity required recognition or disclosure.

Supplemental Information

PARTNERS IN HEALTH

Consolidated Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program/Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Passed through to Sub Recipients</u>
Agency for International Development (USAID)				
Direct Program for 98.001 - USAID Foreign Assistance for Programs Overseas:				
COVID-19 Response in Peru	98.001		\$ 2,584,446	\$ -
Total USAID Direct Program for 98.001 - USAID Foreign Assistance for Programs Overseas			2,584,446	-
Pass-through Programs for 98.001 - USAID Foreign Assistance for Programs Overseas:				
Passed through Catholic Relief Services INECD, improve the health, functioning, nutritional status, and wellbeing of women of reproductive age and children under five	98.001	RW.22.SUBAGR.20625.67674.01.00	213,686	-
Passed through FHI360 Supporting COVID-19 Response in Peru, PE	98.001	PO22001834	935,443	-
Passed through FHI360 Restaurando El Nosotros	98.001	P022002218	90,173	-
Passed through PATH Digital Health Initiative: Accelerating the Cycle of Investment to Impact in Global Digital Health	98.001	AID.2134-01709640-SUB	263,679	135,675
Total USAID Pass-through Programs for 98.001 - USAID Foreign Assistance for Programs Overseas			1,502,981	135,675
Total Assistance Listing Number 98.001 USAID Direct and Pass-through Programs			4,087,427	135,675
Direct Program for 98.003 - USAID Ocean Freight Reimbursement Program (OFR):				
Overseas Transportation for Voluntary Relief Shipments Exclusive of PL 480 Title II Food Donations	98.003		29,424	-
Pass-through Programs for USAID				
Passed through Palladium International LLC Health Finance Fund		217778-UGHE-001	36,468	-
Total USAID Direct and Pass-through Programs			4,153,319	135,675
Department of Health and Human Services (HHS)				
Direct Program for 93.011 - HRSA:				
Community-Based Workforce to Increase COVID-19 Vaccinations in Underserved Communities	93.011		(11,737)	-
Direct Programs for 93.067 - Global Aids:				
Reinforcing HIV Clinical Services within a Network of Public Health Institutions in the Central Plateau	93.067		(59,954)	-
Pass-through Programs for 93.067 - CDC:				
Passed through Zanmi Lasante (ZL) Comprehensive HIV Service Delivery Programs in the Central Plateau and lower Artibonite regions of Haiti	93.067		178,933	-
Total Assistance Listing Number 93.067 HHS Pass-through Programs			118,979	-
Total Assistance Listing Number 93.067 HHS Direct and Pass-through Programs			107,242	-
Direct Programs for 93.738 - Racial and Ethnic Approaches to Community Health:				
PPHF 2012: Racial and Ethnic Approaches to Community Health Program financed solely by 2012 Public Prevention and Health Funds	93.738		180,436	173,749
Policy, System and Environmental Change for Healthy Navajo Communities	93.738		792,328	784,078
Total Assistance Listing Number 93.738 HHS Direct Programs Racial and Ethnic Approaches to Community Health			972,764	957,827

PARTNERS IN HEALTH

Consolidated Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program/Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Passed through to Sub Recipients</u>
Research and Development Cluster				
Pass-through Programs for 93.855:				
Passed through The General Hospital Corp. d/b/a Massachusetts General Hospital: Immune Responses to Vibrio Cholerae Infection and Vaccination in Haiti	93.855	233301	\$ 100,428	\$ -
Passed through Harvard Medical School: Integrated Development and Discovery of Diagnostics for Drug Resistant Tuberculosis	93.855	1U19AI142793-01	765,881	-
Passed through Beth Israel Deaconess Medical Center, Inc.: Optimizing Diagnostic Strategies for TB Transmission Control in Healthcare Facilities, Peru	93.855	5K23AI32648-02	10,010	-
Passed through the Regents of the University of California: UCLA, AIDS Clinical Trial Group Network	93.855	7UM1AI068636-13	798,455	-
Passed through President and Fellows of Harvard College, Harvard Medical School: Strengthening Evidence on Optimal Multidrug-resistant tuberculosis treatment regimens through improved epidemiologic methods	93.855	5U19AI109755-02	243,726	-
Passed through Brigham and Women's Hospital: Safety and tolerability of new and repurposed drugs for MDR-TB treatment	93.855	120758	(453)	-
Passed through Brigham and Women's Hospital: Establish the International Network for Strategic Initiatives in Global HIV Trials ("INSIGHT")	93.855	M76-PE-651-2011-8	248,595	-
Passed through Harvard College: Harvard University Center for AIDS Research	93.855	160510-1737	8,547	-
Passed through UCSF: Impact Evaluation PCHSSI	93.855	2P30AI027763-31	3,069	-
Passed through Harvard Pilgrim Healthcare and Harvard T.H. Chan School of Public Health SHEPheRD Program: Research to Improve National and Global Responses	93.RD	117333.5126	145,738	-
Passed through Trustees of Boston University: Understanding and addressing geographic barriers to accessing TB services in a highburden urban setting	93.855	4500004669	<u>7,320</u>	<u>-</u>
Total Assistance Listing Number 93.855 HHS Pass-through Programs			<u>2,331,316</u>	<u>-</u>
Total Research and Development Cluster			<u>2,331,316</u>	<u>-</u>
Pass-through Program for 93.242:				
Passed through Rand Corporation: RAND/NIH, Mental Health Screening for HIV Care, MA	93.242	SCON-00000354	413,849	-
Passed through Harvard Medical School: HIV Differentiated Care Intervention, PE	93.242	151288.5122900.0002	<u>32,972</u>	<u>-</u>
Total Assistance Listing Number 93.242 Pass-through Programs			<u>446,821</u>	<u>-</u>
Pass-through Program for 93.268:				
Passed through Pima County Health Department COVID-19 Vaccination Equity Funding	93.268	CT-HD-22-203	<u>110,671</u>	<u>-</u>
Pass-through Program for 93.310:				
Passed through Harvard Medical School: New approaches to optimizing the application and measuring the impact of community-based tuberculosis interventions	93.310	1DP2MD015102-01	<u>150,813</u>	<u>-</u>
Pass-through Program for 93.323:				
Pima County Department of Health Consultation for COVID-19 K-12 School Reopening Program	93.323	CT-HD-22-204	11,057	-
Pass-through Program for 93.323:				
Passed through City of New Bedford, Massachusetts COVID Public Health Improvement Consultant Local Health Support for COVID-19 Case Investigation and Contact Tracing	93.323	22510185	91,987	-
Pass-through Program for 93.323:				
State of North Carolina, DHHS COVID-19 Community Health Worker (CHW) expansion and technical assistance	93.323	30-2021-COVID-065	<u>880,919</u>	<u>-</u>
Total Assistance Listing Number 93.323 Pass-through Programs			<u>983,963</u>	<u>-</u>

PARTNERS IN HEALTH

Consolidated Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program/Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed through to Sub Recipients
Pass-through Program for 93.391:				
Passed through Pima County Health Department Prevention of COVID-19 Infection Among High Risk Populations	93.391		\$ 298,332	-
Pass-through Program for 93.391:				
Passed through City of Montgomery, Alabama National Initiative to Address COVID-19 Health Disparities Among Population at High Risk and Underserved, Including Racial and Ethnic Minority Populations and Rural Communities	93.391		<u>331,194</u>	-
Total Assistance Listing Number 93.391 Pass-through Programs			<u>629,526</u>	-
Pass-through Program for 93.393:				
Passed through Brigham and Women's Hospital: NIH R21 Breast Cancer	93.393	126916	<u>59,630</u>	-
Pass-through Program for 93.398:				
Passed through Brigham and Women's Hospital: Evaluating Breast Cancer Care in Rural Rwanda	93.398	118913	<u>14,164</u>	-
Pass-through Program for 93.495:				
Collier Health Services, Inc. Training, recruiting, and outreach of CHWs program	93.495		50,507	-
Pass-through Program for 93.495:				
Healthcare Collaborative of Greater Columbus Community Covid Response Utilizing Community Health Workers	93.495	02560832CW0122	18,752	-
Pass-through Program for 93.495:				
Passed through Health Impact Ohio Covid Response CHW	93.495	CDCCCR	107,897	-
Pass-through Program for 93.495:				
State of North Carolina, DHHS COVID-19 Community Health Worker (CHW) expansion and technical assistance	93.495	30-2021-COVID-065	<u>522,235</u>	-
Total Assistance Listing Number 93.495 Pass-through Programs			<u>699,391</u>	-
NIH Pass-through Program for 93.865:				
Passed through Harvard Medical School mHealth-Community Health Worker tool for comprehensive post-cesarean follow-up in rural Rwanda	93.865	150609.5117886.0003	<u>22,662</u>	-
Pass-through Programs for 93.989:				
Passed through Harvard Medical School: Telemedicine to improve the diagnosis of surgical site infections post-cesarean delivery in rural Rwanda	93.989	149874.5107598.0002	(4,830)	-
Passed through Rhode Island Hospital: Teens on TB Treatment: Predicting Adherence through Clinical Decision Analysis	93.989	5K01TW010829-04	(70)	-
Passed through Harvard Medical School: Reducing HIV/AIDS Prevention Stigma	93.989	150876.5122724.0103	<u>21,357</u>	-
Total Assistance Listing Number 93.989 Pass-through Programs			<u>16,457</u>	-
Pass-through Program for 93.354				
Town of Abington, Massachusetts Town of Abington, Massachusetts	93.354	PN5AbingtonPHEGrant02351	<u>19,675</u>	-
U.S. Department of State				
Direct Programs for 19.518 - Bureau of Population, Refugees and Migration (BPRM) Accelerating COVID-19 Response for Venezuelan Migrant Populations in Peru	19.518	SPRMCO21CA3320	<u>688,147</u>	-
Department of Treasury				
Pass-through Program for 21.027:				
City of New Bedford, Massachusetts Public health excellence grant program for shared services	21.027		<u>124,440</u>	-
Total Expenditures on Federal Awards			<u>\$ 11,531,001</u>	<u>\$ 1,093,502</u>

PARTNERS IN HEALTH

Notes to Consolidated Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying Consolidated Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Partners In Health under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Partners In Health, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of Partners In Health.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Partners In Health has elected not to use the 10-percent de minimis indirect cost rate under the Uniform Guidance.

Reporting Under Government Auditing Standards



*Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Consolidated Financial Statements Performed
in Accordance with Government Auditing Standards*

Board of Directors
Partners In Health
Boston, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Partners In Health (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mayer Hoffmann McCann P.C.

Boston, Massachusetts
November 27, 2023

Reporting Under the Uniform Guidance



*Independent Auditors' Report on Compliance For Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance*

Board of Directors
Partners In Health
Boston, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Partners In Health's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.



Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether to do with fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mayer Hoffman McCann P.C.

Boston, Massachusetts
November 27, 2023

PARTNERS IN HEALTH

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section 1

Summary of Auditors' Results

Consolidated Financial Statements

- | | |
|--|---------------|
| 1. Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 3. Noncompliance material to consolidated financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major federal programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 2. Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 4. Identification of major federal programs: | |

Assistance Listing Number

Name of Federal Program or Cluster

98.001	USAID Foreign Assistance for Programs Overseas
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases
93.738	Racial and Ethnic Approaches to Community Health

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

PARTNERS IN HEALTH

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section 2

Financial Statement Findings

None noted.

Section 3

Federal Award Findings and Questioned Costs

None noted.