ReSurge International

Consolidated Financial Statements

June 30, 2023
(With Comparative Totals for 2022)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ReSurge International
Sunnyvale, California

Opinion

We have audited the accompanying consolidated financial statements of ReSurge International (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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ReSurge International as of June 30, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 ReSurge International and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Change in Accounting Principle

As described in Note 3 to the financial statements, the Organization changed its method of accounting for leases as of July 1, 2022 due to the adoption of Accounting Standards Codification ("ASC") 842, *Leases*, using the modified retrospective approach. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 ReSurge International's ability to continue as a going concern within one year after the date that the consolidated 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 generally accepted 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, including omissions, 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 generally accepted 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 ReSurge International'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 ReSurge International'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.

Report on Summarized Comparative Information

We have previously audited ReSurge International's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 5, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Armanino LLP

Armanino[LLP]
Los Angeles, California

February 7, 2024

ReSurge International
Consolidated Statement of Financial Position
June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,396,360	$ 3,066,092
Investments	1,892,194	1,113,240
Grants and contributions receivables, current	475,998	446,295
Inventory	71,346	66,995
Prepaid and other current assets	130,705	34,800
Employee retention credit receivable	260,147	-
Total current assets	4,226,750	4,727,422
Grants and contributions receivable, noncurrent	143,330	160,347
Deposits	50,240	50,240
Endowment investments	1,849,149	1,603,749
Property and equipment, net	184,184	110,086
Intangibles, net	150,741	156,953
Operating lease right-of-use asset	980,089	-
Total assets	$ 7,584,483	$ 6,808,797
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 408,581	$ 457,237
Accrued vacation	94,438	110,413
Operating lease liability, current	159,297	-
Deferred rent, current	-	10,507
Total current liabilities	662,316	578,157
Long-term liabilities		
Operating lease liability, noncurrent	870,845	-
Deferred rent, noncurrent	-	29,522
Total long-term liabilities	870,845	29,522
Total liabilities	1,533,161	607,679
Net assets		
Without donor restrictions		
Undesignated	1,746,136	1,291,179
Board designated	4,400	4,400
Investment in property and equipment, net	184,184	110,086
Total without donor restrictions	1,934,720	1,405,665
With donor restrictions		
Restricted for a specific purpose	1,964,134	2,888,566
General operating for future years	303,318	303,139
Subject to appropriation and spending policy	471,923	333,569
Held in perpetuity (donor-restricted endowment corpus)	1,377,227	1,270,179
Total with donor restrictions	4,116,602	4,795,453
Total net assets	6,051,322	6,201,118
Total liabilities and net assets	$ 7,584,483	$ 6,808,797

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

ReSurge International
Consolidated Statement of Activities
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Support, revenue, gains and (losses) and net assets released from restriction				
Grants and contributions	$ 1,308,756	$ 1,416,661	$ 2,725,417	$ 4,785,058
In-kind contributions	3,433,689	-	3,433,689	2,176,221
Special events	643,138	-	643,138	1,022,036
Less: special event costs	(569,762)	-	(569,762)	(360,549)
Forgiveness of note payable - Paycheck Protection Program	-	-	-	150,000
Employee retention credit	260,147	-	260,147	-
Endowment interest and dividends, net	-	29,771	29,771	79,603
Operating investment interest and dividends, net	46,861	-	46,861	29,864
Endowment realized and unrealized gains (losses), net	-	181,463	181,463	(357,121)
Other gains (losses)	34,091	-	34,091	(1,946)
Operating investments realized and unrealized gains (losses), net	145,419	-	145,419	(135,874)
Net assets released from restriction	2,306,746	(2,306,746)	-	-
Total support, revenue, gains, and net assets released from restriction	7,609,085	(678,851)	6,930,234	7,387,292
Functional expenses				
Program services	5,432,857	-	5,432,857	3,881,335
Support services				
Management and general	1,213,164	-	1,213,164	695,719
Fundraising	434,009	-	434,009	1,066,266
Total support services	1,647,173	-	1,647,173	1,761,985
Total functional expenses	7,080,030	-	7,080,030	5,643,320
Change in net assets	529,055	(678,851)	(149,796)	1,743,972
Net assets, beginning of year	1,405,665	4,795,453	6,201,118	4,457,146
Net assets, end of year	$ 1,934,720	$ 4,116,602	$ 6,051,322	$ 6,201,118

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

ReSurge International
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

		Support Services				
	Program Services	Management and General	Fundraising	Total Support Services	2023 Total	2022 Total
Personnel expenses						
Salaries and wages	$ 657,441	$ 356,256	$ 228,209	$ 584,465	$ 1,241,906	$ 1,264,415
Employee benefits	108,728	45,593	23,476	69,069	177,797	179,290
Payroll taxes	60,436	25,541	18,779	44,320	104,756	123,041
Total personnel expenses	826,605	427,390	270,464	697,854	1,524,459	1,566,746
Donated medical services	2,937,014	-	-	-	2,937,014	1,798,394
Professional services	878,295	271,306	114,388	385,694	1,263,989	1,098,573
Events	39,294	239,606	315,409	555,015	594,309	673,644
Staff and volunteer expenses	274,695	79,362	57,577	136,939	411,634	291,137
Occupancy	107,767	36,169	56,219	92,388	200,155	147,095
Surgical outreach	161,378	-	2,451	2,451	163,829	38,500
Bad debt	-	82,720	-	82,720	82,720	13,968
Miscellaneous	28,525	17,422	24,236	41,658	70,183	55,276
Medical supplies	62,166	-	-	-	62,166	20,700
Advertising	7,777	-	51,087	51,087	58,864	52,084
Office expenses	12,113	8,975	35,925	44,900	57,013	51,932
Depreciation and amortization	13,405	3,874	24,867	28,741	42,146	49,554
Dues and subscriptions	17,667	14,294	3,688	17,982	35,649	22,801
Bank charges	-	3,932	26,625	30,557	30,557	15,920
Utilities	14,995	9,622	8,055	17,677	32,672	25,635
Insurance	10,194	15,839	3,657	19,496	29,690	20,604
Hospital fees	19,296	-	-	-	19,296	-
Repairs and maintenance (building)	13,925	1,071	2,982	4,053	17,978	16,821
Software and equipment	2,741	952	1,479	2,431	5,172	15,283
Postage	474	630	2,733	3,363	3,837	28,932
Repairs and maintenance (IT)	2,942	-	879	879	3,821	270
Conferences and Meetings	853	-	1,050	1,050	1,903	-
Warehouse expense	736	-	-	-	736	-
Total	5,432,857	1,213,164	1,003,771	2,216,935	7,649,792	6,003,869
Less expenses included with revenues on the statement of activities	-	-	(569,762)	(569,762)	(569,762)	(360,549)
Total less expenses included with revenues on the statement of activities	$ 5,432,857	$ 1,213,164	$ 434,009	$ 1,647,173	$ 7,080,030	$ 5,643,320
Percentage of total	76.8 %	17.1 %	6.1 %	23.2 %	100.0 %	

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

ReSurge International
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (149,796)	$ 1,743,972
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	42,146	49,554
Forgiveness of Paycheck Protection Program note payable	-	(150,000)
Contributions restricted for endowment	(107,048)	(504,540)
Employee retention credit	(260,147)	-
Net realized and unrealized (gains) losses on operating investments	(145,419)	135,874
Net realized and unrealized (gains) losses on endowment	(181,463)	357,121
Reduction in carrying amount of operating lease right-of-use asset	159,199	-
Changes in operating assets and liabilities		
Grants and contributions receivable	(12,686)	(289,457)
Inventory	(4,351)	75,164
Prepaid expenses and other current assets	(95,905)	38,485
Deposits	-	(50,000)
Accounts payable	(48,656)	322,347
Accrued vacation	(15,975)	(6,633)
Operating lease liability	(149,175)	-
Deferred rent	-	40,029
Net cash provided by (used in) operating activities	(969,276)	1,761,916
Cash flows from investing activities		
Purchase of investments	(6,743,739)	(5,183,952)
Proceeds from sale of investments	6,046,267	4,258,296
Purchase of property and equipment	(95,153)	(91,791)
Purchase of intangible assets	(14,879)	(25,000)
Net cash used in investing activities	(807,504)	(1,042,447)
Cash flows from financing activities		
Cash received for endowment	107,048	504,540
Net cash provided by financing activities	107,048	504,540
Net increase (decrease) in cash, cash equivalents and restricted cash	(1,669,732)	1,224,009
Cash, cash equivalents and restricted cash, beginning of year	3,066,092	1,842,083
Cash, cash equivalents and restricted cash, end of year	$ 1,396,360	$ 3,066,092
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	$ 1,396,360	$ 3,066,092
	$ 1,396,360	$ 3,066,092

Supplemental schedule of noncash investing activities

Operating lease right-of-use asset obtained in exchange for operating lease agreement	$ 1,139,288	$ -

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

1. NATURE OF OPERATIONS

Worldwide, 5 billion people do not have access to safe, timely and affordable surgical care and 16.9 million people die every year from surgically preventable diseases. ReSurge International (the "Organization"), is a nonprofit public benefit corporation that inspires, trains, funds, and scales reconstructive surgical teams in low-income countries to provide life-changing care to patients with the greatest need.

One of the first organizations of its kind, ReSurge International has transformed the lives of children and adults through reconstructive surgical care since 1969, and has provided 138,490 surgeries to patients across the globe. ReSurge International is one of the few organizations that provides the full scope of reconstructive surgical care to treat congenital anomalies, traumatic injuries including burns and road traffic accidents, and malignant conditions like cancers. These conditions represent approximately 30 percent of the global burden of disease — three times more than malaria, tuberculosis, and HIV/AIDS combined.

From July 1, 2022 through June 30, 2023, ReSurge impacted 14,473 patients through the Organization's training programs and 1,826 of those patients received surgeries performed by hostcountry surgeons, or Surgical Outreach Partners, many of whom had previously benefited from ReSurge International's handson surgical skills training. This cycle of training and treatment is repeated when these ReSurge surgeons train others—resulting in a multiplier effect of impact. This multigenerational approach translates into long-term sustainability and allows the Organization to transform more lives, strengthen more economies, and ensure equitable access to healthcare for all. By improving patients' function and appearance, and training more surgeons to provide this type of care, the Organization's work gives patients the opportunity to live independent and fulfilling lives, reducing suffering and poverty.

ReSurge International works in 18 countries across Latin America, Africa, and Asia to build reconstructive surgical capacity where it is most needed. The Organization tackles the most pressing gaps in surgical training through special programs such as the ReSurge International Program in Africa (RIPA), which launched in full this year, and the Pioneering Women Reconstructive Surgeons (PWRS) program. ReSurge International maintains no political or religious affiliations.

The Organization's programs are provided largely through the Organization's dedicated volunteer medical professionals, who, during the year ended June 30, 2023, donated 4,229 hours of their time.

The Organization's international programs include:

Training - ReSurge International builds capacity in low-income countries by training local reconstructive surgical teams in techniques that will allow them to better care for their communities. Through the Organization's Visiting Educator and Virtual Training programs, we are training the next generation in reconstructive surgery and creating a multiplier effect of long-term impact. During the year ended June 30, 2023, ReSurge International Trained over 3,200 medical professionals through hands-on learning and virtual instruction.

1. NATURE OF OPERATIONS (continued)

Treatment - ReSurge International provides direct surgical care for the underserved in low and middle-income countries at no cost to the patient. We provide care through visiting surgical trips and we fund the work of ReSurge Surgical Outreach Partners. These dedicated local reconstructive surgeons have all been trained and qualified by ReSurge, making it possible for them to attend to those who would otherwise have no recourse. During the year ended June 30, 2023, ReSurge International supported 20 permanent local medical partner programs in 11 countries.

Partnership - ReSurge International partners with many top US academic medical institutions, as well as with hospitals and colleges around the world, including the College of Surgeons of East, Central, and Southern Africa (COSECSA) and College of Anesthesiology of East, Central and Southern Africa (CANECSA).

Advocacy and Thought Leadership - ReSurge International engages with governments and multilateral organizations to prioritize surgery as a cost-effective and indispensable component of health care, working with international medical societies, academia, advocacy groups, and other surgical NGOs.

2. OVERSEAS OFFICES

India - On March 29, 2012 the Organization established a subsidiary in Telegana (formerly Andhra Pradesh), India. Reconstructive Surgery India (the "Subsidiary") is a not-for-profit company registered under Section 25 of the Indian Companies Act, 1956. For the year ended June 30, 2023, Reconstructive Surgery India had no material assets or activity during the year.

Nepal - During the year ended June 30, 2023, there was financial activity in the Organization's Kathmandu, Nepal, branch that is reflected in the consolidated financial statements.

Vietnam - During the year ended June 30, 2023, there was no material activity or assets for the Organization's Hanoi, Vietnam branch.

During the year ended June 30, 2023, ReSurge International provided surgical care and/or provided and supported advanced medical training for local physicians, anesthesiologists, nurses, and occupational and speech therapists in Bangladesh, Bhutan, Bolivia, Botswana, Ecuador, Ethiopia, Ghana, Kenya, India, Malawi, Mali, Mozambique, Nepal, Nicaragua, Rwanda, Tanzania, Uganda, Vietnam, Zambia and Zimbabwe. During the year ended June 30, 2023, ReSurge International also provided support to 20 year-round Surgical Outreach Programs ("SOP") in Bangladesh, Ecuador, India (7), Kenya, Mozambique, Nepal, Peru (2), Tanzania, Uganda, Zambia and Zimbabwe (2); this support included funding for free surgeries for the poor, quality review, technological support and advanced medical training. 90% of all of ReSurge International's surgeries are performed by developing world surgical partners through the local medical partner program.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Comparative financial information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Financial statement presentation

The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations. In accordance with U.S. GAAP, the Organization reports its consolidated financial position and operating activities in two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

- *Net assets without donor restrictions* - include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund, property and equipment fund and any net assets designated by the Board for specific purposes.
- *Net assets with donor restrictions* - include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting period. Net assets held in perpetuity include those assets which are subject to a non-expiring donor restriction, such as endowments.

Principles of consolidation

The Organization's consolidated financial statements include the financial position, changes in net assets and cash flows of its wholly owned subsidiaries, ReSurge Nepal, ReSurge India and ReSurge Vietnam. Intercompany transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*, Accounting Standards Codification ("ASC") Topic 842 ("ASC 842"). ASC 842 is the comprehensive lease standard that supersedes the previous authoritative lease accounting guidance contained in ASC 840. ASC 842 requires a lessee to recognize assets and liabilities related to long-term leases that were classified in its balance sheet as operating leases under previous guidance. A leased asset, referred to as a right-of-use lease asset, is to be recognized related to the right to use the underlying asset and a lease related liability is to be recognized related to the lease payment obligations over the term of the lease, and includes options to extend that management reasonably expects to exercise. ASC 842 also requires expanded disclosures surrounding leases.

The Organization adopted ASC 842, with an initial application date of July 1, 2022, by applying the modified retrospective transition approach and using the additional and optional transition method provided by ASU No. 2018-11, *Leases* (Topic 842): Targeted Improvements. The Organization did not restate prior periods as presented under ASC 840 and, instead, evaluated whether a cumulative impact adjustment to retained earnings as of July 1, 2022, was necessary for the cumulative impact of adoption of ASC 842. Management determined no cumulative effect adjustment to retained earnings as of July 1, 2022, was necessary.

As part of the allowable transition method, the Organization elected to apply the following practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases;
- Election not to reassess the lease classification for any expired or existing leases;
- Election not to reassess initial direct costs on any existing leases;
- Election whereby the lease and nonlease components will not be separated for leases of office space, warehouses, and vehicles;
- Election not to record right-of-use lease assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease costs.

The adoption of ASC 842 resulted in the recognition of an operating right-of-use asset and lease liability in the amount of $1,139,288 and $1,179,317, respectively, after reversing the deferred rent balance of $40,029.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with an original maturity of three months or less. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Endowment investment income and other investment income restricted by a donors are reported as increases in net assets with donor restrictions. When endowment investment income is appropriated and or when other donor restrictions are met the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions.

Fair value measurements

Fair value is defined 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."

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- *Level 1* - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 3* - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Grants and contributions receivable

Unconditional promises to give are recognized as support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give, if any, are recognized only when the barriers on which they depend are substantially met and the promises become unconditional. When necessary, an allowance for doubtful accounts is maintained based on an assessment of the probability such contributions will be collected.

Contributions

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with or without donor restrictions, depending on the nature of donor restrictions. Restricted contributions are reported as increases in net assets with donor restrictions. When the restriction is met the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions.

Contributions that are considered conditional promises to give which contain barriers and a right of return or right of release are not recognized until the conditions on which they depend are substantially met, at which time, the gift is recognized as either grants and contributions revenue with or without restriction.

In-kind contributions

Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, that require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered.

Property and equipment, net

Property and equipment, net are stated at cost less accumulated depreciation and amortization. Improvements that extend the asset lives are capitalized, while repairs and maintenance charges are expensed as incurred. The cost and related accumulated depreciation applicable to assets sold or retired are removed from the accounts, and any applicable again or loss on disposition is recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment, net (continued)

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Non-consumable equipment	5 years
Surgical equipment	5 years
Anesthesia equipment	5 years
Post ambulatory care unit equipment	5 years
Computer equipment	3 years
Furniture and equipment	10 years
Software	3 years

Inventory

Inventory consists of donated and purchased medical supplies and instruments. The inventory is valued at fair value for donated items and at lower of cost or net realizable value for purchased items.

Long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets is measured by comparison of the carrying amount of the asset to the net undiscounted future cash flows expected to be generated from the asset. If the future undiscounted cash flows are not sufficient to recover the carrying value of the assets, the assets' carrying value is adjusted to fair value.

Leases

The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. Leases that contain lease and non-lease components are accounted for as a single lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Right-of-use assets ("ROU") represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management has elected to use a risk-free rate using a period comparable with that of the lease term. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

Functional expense allocations

Directly identifiable expenses are charged to program and support services. Indirect functional expenses are allocated to program and support services based on an analysis of personnel time, square footage and estimated supplies and services usage.

Income tax status

ReSurge International is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, ReSurge International qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates. The most significant estimates made by management affect the valuation of donated medical services, supplies and inventory.

Subsequent events

The Organization has evaluated events subsequent to June 30, 2023, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through February 7, 2024, the date the consolidated financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the consolidated financial statements.

4. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of ReSurge International's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Long-term investments include endowment funds consisting of donor restricted endowments. As described in Note 15, the endowment has a spending rate of up to 5 percent. Accordingly, approximately $70,000 of appropriations from the endowment will be available within the next 12 months.

4. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

The following is a quantitative disclosure of financial assets as of June 30, 2023 available to fund general expenditures and obligations within one year from June 30, 2023:

Financial assets	
Cash and cash equivalents	$ 1,396,360
Investments	1,892,194
Other current assets	100,755
Grants and contributions receivable	475,998
Employee Retention Credit receivable	260,147
Grants and contributions receivable, noncurrent	143,330
Endowment cash and investments	1,849,149
	6,117,933
Less: amounts unavailable for general expenditures within one year:	
Donor restricted endowment (less fiscal year 2024 appropriation of approximately $70,000)	(1,779,149)
Donor restricted for a specific purpose	(1,964,134)
	(3,743,283)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,374,650

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Fair Value
Cash - endowment	$ 124,173	$ -	$ -	$ 124,173
Equity mutual funds	2,642,881	-	-	2,642,881
Fixed income	696,216	-	-	696,216
Corporate bonds	-	278,073	-	278,073
	$ 3,463,270	$ 278,073	$ -	$ 3,741,343

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of June 30, 2022:

	Level 1	Level 2	Level 3	Fair Value
Cash - endowment	$ 116,848	$ -	$ -	$ 116,848
Equity mutual funds	1,674,763	-	-	1,674,763
Fixed income	664,308	-	-	664,308
Corporate bonds	-	261,070	-	261,070
	$ 2,455,919	$ 261,070	$ -	$ 2,716,989

6. GRANTS AND CONTRIBUTIONS RECEIVABLE

Unconditional promises expected to be collected in more than one year are discounted to present value using a risk-adjusted discount rate of return at initial recognition and is not revised later.

Grants and contributions receivable in more than one year were discounted using a rate of 3.2% as of June 30, 2023 and 2022.

Grants and contributions receivable are reported as follows:

	2023	2022
Receivable in less than one year	$ 475,998	$ 446,295
Receivable in one to five years	146,463	167,319
	622,461	613,614
Less discounts to net present value	(3,133)	(6,972)
Total net present value of grants and contributions receivable	619,328	606,642
Current portion of grants and contributions receivable	(475,998)	(446,295)
Long-term portion of grants and contributions receivable	$ 143,330	$ 160,347

7. EMPLOYEE RETENTION CREDIT

The Employee Retention Tax Credit ("ERC"), a refundable tax credit against certain employment taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and was subsequently amended through additional legislation. The tax credit is equal to 50% of the qualified wages, up to $10,000 per employee, that an employer whose business has been financially impacted by COVID-19 pays to employees after March 12, 2020 and before January 1, 2022.

7. EMPLOYEE RETENTION CREDIT (continued)

The Organization determined it was eligible to apply for the ERC and calculated a total ERC of $260,147 for the wages paid during the period March 2020 through December 31, 2021. As the Organization has "substantially met" the program's eligibility conditions, the Organization has recognized income and a corresponding receivable for the ERC credit during the year ended June 30, 2023.

The ERC program is subject to inspection and audit by the IRS. The purpose of such audits is to determine whether entities met eligibility requirements under the program and that funds were used in accordance with guidelines and regulations. While management believes the Organization met the ERC requirements, it is possible that ERC funds recognized could ultimately be disallowed. The ultimate liability, if any, which may result from a governmental audit cannot be reasonably estimated and, accordingly, no provision for the possible disallowance of ERC funds has been recorded on the Organization's financial statements.

8. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2023	2022
Non-consumable equipment	$ 281,183	$ 256,434
Surgical equipment	294,705	246,638
Anesthesia equipment	106,905	140,456
Post-ambulatory care unit equipment	73,592	61,823
Computer equipment	48,630	44,889
Furniture and equipment	69,762	69,762
Software	22,901	20,210
	897,678	840,212
Accumulated depreciation	(713,494)	(730,126)
	$ 184,184	$ 110,086

Depreciation expense for the years ended June 30, 2023 and 2022 was $21,055 and $28,029, respectively.

9. INTANGIBLE ASSETS

On September 28, 2018, ReSurge International completed a purchase of assets from WonderWork, Inc., a nonprofit organization headquartered in New York that had filed for bankruptcy. Specifically, ReSurge International purchased the database of donors and potential donors interested in international burn care and certain related intellectual property (appeal materials, logos, etc.). The total purchase price was $276,705, and was paid in two installments in August and September 2018 to the trustee of WonderWork, Inc. appointed by the United States Bankruptcy Court for the Southern District of New York.

9. INTANGIBLE ASSETS (continued)

In connection with the purchase, ReSurge International received a grant of $1,729,532 from the bankruptcy of WonderWork, Inc. restricted for burn treatment, training and related program implementation costs. The grant represents the transfer of WonderWork, Inc.'s unspent donor restricted funds to ReSurge International so ReSurge International can fulfill the donors' intent. The grant was received in full on October 1, 2018. ReSurge International plans to spend the grant over multiple years. The full amount of the grant was recognized as income during the year ended June 30, 2019, while some expenses were recognized during the year ending June 30, 2019 and some expenses will be recognized in future years.

The purchase and the grant were part of a bankruptcy settlement of WonderWork, Inc. approved by the New York State Attorney General and the Bankruptcy Court.

Intangible assets consisted of the following:

	2023	2022
Burn Rescue Name - indefinite life	$ 92,235	$ 92,235
WonderWork Donor Database - 6 year life	92,235	92,235
WonderWork Intellectual Property - 6 year life	92,235	92,235
Website in progress - 5 year life	39,878	25,000
	316,583	301,705
Accumulated amortization	(165,842)	(144,752)
	$ 150,741	$ 156,953

Future amortization is as follows:

Year ending June 30,	
2024	$ 25,229
2025	12,266
2026	7,976
2027	7,976
2028	5,059
	$ 58,506

Amortization expense for the years ended June 30, 2023 and 2022 was $21,091 and $21,525, respectively.

10. LEASES

The Organization leases office space under an operating lease that expires in January 2029. The lease requires the Organization to pay property taxes, insurance premiums, cost of maintenance and other items. The operating lease has a remaining lease term of 5.51 years and a discount rate of 2.91%.

Lease costs consisted of the following:

Rent	$ 194,820
Variable lease cost	5,335
	$ 200,155

Future maturities of operating lease obligations are as follows:

Year ending June 30,	
2024	$ 186,742
2025	192,372
2026	198,002
2027	204,102
2028	210,436
Thereafter	125,570
	1,117,224
Less: present value discount	(87,082)
Term loan, net of discount	1,030,142
Current portion	(159,297)
	$ 870,845

11. CONTINGENCIES

The Organization is subject to legal proceedings and claims which arise in the ordinary course of its business. In management's opinion, the eventual outcome of these actions will not have a material effect on the Organization's financial position or result of operations.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2023	2022
Purpose restrictions		
Surgical outreach and training	$ 716,759	$ 991,603
Jeff Whisenant Fund for Sustainability	513,679	1,000,000
Visiting education trips	440,460	536,692
Burn outreach program	243,236	310,271
CMO Discretionary Fund	50,000	50,000
	1,964,134	2,888,566
Time restrictions		
General operating for future years	303,318	303,139
Unappropriated accumulated endowment earnings	471,923	333,569
	775,241	636,708
Held in perpetuity		
The Albert Wilson Fund	600,000	600,000
RIPA Endowment	500,000	500,000
Baker Foundation	100,000	100,000
Whisenant Endowment Fund	103,908	-
Zlotnick Endowment	73,319	70,179
	1,377,227	1,270,179
	$ 4,116,602	$ 4,795,453

Net assets with donor restrictions released from restrictions during the year were as follows:

	2023	2022
Purpose restrictions		
Surgical outreach and training	$ 798,555	$ 399,930
Jeff Whisenant Fund for Sustainability	501,172	-
Visiting education trips	344,719	100,252
Burn outreach program	210,299	333,749
Endowment appropriations for operations	72,880	59,919
	1,927,625	893,850
General operating for future years	379,121	1,567,185
	$ 2,306,746	$ 2,461,035

13. RETIREMENT PLAN

The Organization maintains a tax deferred 401(k) retirement plan that provides retirement benefits for all eligible employees. The plan provides for Organization discretionary matching contributions for up to 4% of eligible employee compensation, as defined in the plan. During the years ended June 30, 2023 and 2022 the Organization provided a 4% match. The Organization's contributions for the years ended June 30, 2023 and 2022 were $43,124 and $45,560, respectively.

14. CONCENTRATIONS AND RELATED PARTY TRANSACTIONS

At June 30, 2023, $454,759 or 73% of the total grants and contributions receivable was provided by three donors. At June 30, 2022, $230,524 or 38% of the total grants and contributions receivable was provided by one donor.

For the year ended June 30, 2023, $528,301 or 16% of total grants, contributions, and special events were provided by one donor. For the year ended June 30, 2022, $2,000,000 or 35% of total grants, contributions, and special events were provided by two donors.

During the years ended June 30, 2023 and 2022, $535,016 and $466,901 of the grants and contributions was received from members of the Organization's Board of Directors. At June 2023, $73,625 of grants and contribution receivables were provided by the Organization's Board of Directors.

15. ENDOWMENT

The Organization's endowment consists of five individual funds (Note 12). Its endowment includes donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors of ReSurge International has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ReSurge International classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the California version of UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

15. ENDOWMENT (continued)

Interpretation of relevant law (continued)

(1) The duration and preservation of the fund

(2) The purposes of the Organization and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Organization

(7) The investment policies of the Organization

Funds with deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the net assets held in perpetuity balance. There were no deficiencies of this nature that would be required to be reported in net assets without donor restrictions as of June 30, 2023 and 2022.

Investment return objectives, risk parameters and strategies

ReSurge International has adopted investment and spending policies for its endowment assets that attempt to preserve the inflation-adjusted value of the assets after payout. Safety of principal and preservation of capital is based on prudent investment principles. While short-term stability is desirable, achieving superior long-term returns takes precedence as an investment objective. To achieve the investment objectives, ReSurge International will pursue a broad asset allocation approach that seeks to minimize management and transactional costs. Unless otherwise determined by ReSurge International's Finance Committee, the target asset allocation balance is cash and cash equivalents, defensive assets, credit strategies, diversified market strategies and growth assets, with specific investments to be determined by ReSurge International's Investment Sub-Committee.

Spending policy

ReSurge International has a general policy of appropriating up to 5% of the endowment assets as calculated over the past 12 calendar quarters to be allocated to operational expenses each year, but in no case invading the fund principal unless specifically instructed to do so by the donor. Distributions of earnings shall be set from time-to-time by ReSurge International's Finance Committee to:

- conform to donor intent or instruction;
- provide funding for operations; or

15. ENDOWMENT (continued)

Spending policy (continued)

- other purposes as determined by the Sub-Committee.

Distribution of principal, except as required by donors, shall be made only on authorization of the Board of Directors, consistent with donor restrictions on those funds. This is consistent with the Organization's objective to preserve the inflation-adjusted value of the endowment assets after payout.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	Without Donor Restrictions	Subject to Appropriation and Spending Policy	Held in Perpetuity	Total
Donor restricted endowment funds	$ -	$ 471,923	$ 1,377,227	$ 1,849,150

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	Without Donor Restrictions	Subject to Appropriation and Spending Policy	Held in Perpetuity	Total
Donor restricted endowment funds	$ -	$ 333,569	$ 1,270,179	$ 1,603,748

15. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2023 is as follows:

	Without Donor Restrictions	Subject to Appropriation and Spending Policy	Held in Perpetuity	Total
Balance, June 30, 2022	$ -	$ 333,569	$ 1,270,179	$ 1,603,748
Realized and unrealized gains	-	181,463	-	181,463
Interest and dividend income, net	-	29,771	-	29,771
Contributions	-	-	107,048	107,048
Appropriation of endowment net assets for expenditure	-	(72,880)	-	(72,880)
Balance, June 30, 2023	$ -	$ 471,923	$ 1,377,227	$ 1,849,150

Changes in endowment net assets for the fiscal year ended June 30, 2022 is as follows:

	Without Donor Restrictions	Subject to Appropriation and Spending Policy	Held in Perpetuity	Total
Balance, June 30, 2021	$ -	$ 671,006	$ 765,639	$ 1,436,645
Realized and unrealized gains, net	-	(357,121)	-	(357,121)
Interest and dividend income, net	-	79,603	-	79,603
Contributions	-	-	504,540	504,540
Appropriation of endowment net assets for expenditure	-	(59,919)	-	(59,919)
Balance, June 30, 2022	$ -	$ 333,569	$ 1,270,179	$ 1,603,748

16. IN-KIND CONTRIBUTIONS

The estimated fair value of expert services, supplies, and equipment received are recorded as in-kind contributions in the accompanying statement of activities.

In-kind contributions received during the year were as follows:

	2023	2022	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Events	$ 235,105	$ 247,784	Fundraising events	No associated donor restrictions	Contributed goods and services for events are valued at the estimated fair value based on current rates for similar goods and services.
Medical services	2,937,015	1,798,394	Team trips and visiting education	No associated donor restrictions	Contributed services from medical professionals are valued at the estimated fair value based on current rates for similar medical services.
Professional services	156,918	108,886	Team trips and visiting education	No associated donor restrictions	Contributed services from other professionals are valued at the estimated fair value based on current rates for similar professional services.
Medical equipment	87,289	20,820	Team trips and visiting education	No associated donor restrictions	Resurge estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Medical supplies	17,362	337	Team trips and visiting education	No associated donor restrictions	Resurge estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
	$ 3,433,689	$ 2,176,221			