

# **ReSurge International**

Consolidated Financial Statements

June 30, 2024  
(With Comparative Totals for 2023)



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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, 2024, 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, 2024, 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.

### **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 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 7, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Armanino<sup>LLP</sup>  
Los Angeles, California

January 21, 2025

ReSurge International  
Consolidated Statement of Financial Position  
June 30, 2024  
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 932,126	\$ 1,396,360
Investments	1,701,142	1,892,194
Grants and contributions receivables, current	570,577	475,998
Inventory	53,375	71,346
Prepaid expenses and other current assets	209,695	130,705
Employee retention credit receivable	260,147	260,147
Total current assets	3,727,062	4,226,750
Grants and contributions receivable, noncurrent	417,179	143,330
Deposits	50,565	50,240
Endowment investments	2,211,780	1,849,149
Property and equipment, net	169,658	184,184
Intangibles, net	126,487	150,741
Operating lease right-of-use asset	816,399	980,089
Total assets	\$ 7,519,130	\$ 7,584,483
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 532,054	\$ 408,581
Accrued vacation	99,480	94,438
Deferred revenue	15,000	-
Operating lease liability, current	169,718	159,297
Total current liabilities	816,252	662,316
Operating lease liability, noncurrent	701,128	870,845
Total liabilities	1,517,380	1,533,161
Net assets		
Without donor restrictions		
Undesignated	1,477,092	1,746,136
Board designated	4,400	4,400
Investment in property and equipment, net	169,658	184,184
Total without donor restrictions	1,651,150	1,934,720
With donor restrictions		
Restricted for a specific purpose	1,645,820	1,964,134
General operating for future years	493,000	303,318
Subject to appropriation and spending policy	812,098	471,923
Held in perpetuity (donor-restricted endowment corpus)	1,399,682	1,377,227
Total with donor restrictions	4,350,600	4,116,602
Total net assets	6,001,750	6,051,322
Total liabilities and net assets	\$ 7,519,130	\$ 7,584,483

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

ReSurge International  
Consolidated Statement of Activities  
For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Support, revenue, gains and (losses) and net assets released from restriction				
Grants and contributions	\$ 2,496,665	\$ 1,372,256	\$ 3,868,921	\$ 2,725,417
In-kind contributions	3,293,875	-	3,293,875	3,433,689
Special events	-	-	-	643,138
Less: special event costs	-	-	-	(569,762)
Employee retention credit	-	-	-	260,147
Interest and dividends, net	47,955	45,679	93,634	76,632
Realized and unrealized gains on investments, net	198,041	375,201	573,242	326,882
Other gains (losses)	13,160	-	13,160	34,091
Net assets released from restriction	<u>1,559,138</u>	<u>(1,559,138)</u>	<u>-</u>	<u>-</u>
Total support, revenue, gains, and net assets released from restriction	<u>7,608,834</u>	<u>233,998</u>	<u>7,842,832</u>	<u>6,930,234</u>
Functional expenses				
Program services	<u>5,782,461</u>	<u>-</u>	<u>5,782,461</u>	<u>5,432,857</u>
Support services				
Management and general	931,912	-	931,912	1,213,164
Fundraising	<u>1,178,031</u>	<u>-</u>	<u>1,178,031</u>	<u>434,009</u>
Total support services	<u>2,109,943</u>	<u>-</u>	<u>2,109,943</u>	<u>1,647,173</u>
Total functional expenses	<u>7,892,404</u>	<u>-</u>	<u>7,892,404</u>	<u>7,080,030</u>
Change in net assets	(283,570)	233,998	(49,572)	(149,796)
Net assets, beginning of year	<u>1,934,720</u>	<u>4,116,602</u>	<u>6,051,322</u>	<u>6,201,118</u>
Net assets, end of year	<u>\$ 1,651,150</u>	<u>\$ 4,350,600</u>	<u>\$ 6,001,750</u>	<u>\$ 6,051,322</u>

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, 2024  
(With Comparative Totals for 2023)

	Program Services	Support Services			2024 Total	2023 Total
		Management and General	Fundraising	Total Support Services		
Personnel expenses						
Salaries and wages	\$ 733,744	\$ 331,650	\$ 484,768	\$ 816,418	\$ 1,550,162	\$ 1,241,906
Employee benefits	108,877	54,250	75,332	129,582	238,459	177,797
Payroll taxes	67,413	20,918	42,791	63,709	131,122	104,756
Total personnel expenses	910,034	406,818	602,891	1,009,709	1,919,743	1,524,459
Donated medical services	3,196,804	-	-	-	3,196,804	2,937,014
Professional services	938,749	246,317	214,584	460,901	1,399,650	1,263,989
Staff and volunteer expenses	269,872	47,437	68,986	116,423	386,295	411,634
Occupancy	98,312	26,683	75,965	102,648	200,960	200,155
Bad debt	-	98,169	-	98,169	98,169	82,720
Events	66,930	108	30,124	30,232	97,162	594,309
Surgical outreach	86,847	-	-	-	86,847	163,829
Advertising	15,398	3,946	51,356	55,302	70,700	58,864
Medical supplies	80,609	-	1,950	1,950	82,559	62,166
Miscellaneous	7,265	27,046	13,073	40,119	47,384	70,183
Depreciation and amortization	12,525	4,905	29,712	34,617	47,142	42,146
Office expenses	9,532	8,466	28,579	37,045	46,577	57,013
Dues and subscriptions	18,147	11,808	9,231	21,039	39,186	35,649
Insurance	12,188	21,171	4,879	26,050	38,238	29,690
Utilities	16,443	6,550	12,124	18,674	35,117	32,672
Repairs and maintenance (IT)	9,173	3,846	12,821	16,667	25,840	3,821
Hospital fees	25,811	-	-	-	25,811	19,296
Bank charges	31	8,756	13,632	22,388	22,419	30,557
Conferences and Meetings	800	8,459	307	8,766	9,566	1,903
Postage	2,061	7	4,481	4,488	6,549	3,837
Software and equipment	2,401	1,222	1,880	3,102	5,503	5,172
Repairs and maintenance (building)	1,767	198	1,301	1,499	3,266	17,978
Repairs and maintenance (IT equipment)	547	-	155	155	702	-
Warehouse expense	215	-	-	-	215	736
Total	5,782,461	931,912	1,178,031	2,109,943	7,892,404	7,649,792
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(569,762)
Total less expenses included with revenues on the statement of activities	\$ 5,782,461	\$ 931,912	\$ 1,178,031	\$ 2,109,943	\$ 7,892,404	\$ 7,080,030
Percentage of total	73.3 %	11.8 %	14.9 %	26.7 %	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, 2024  
(With Comparative Totals for 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ (49,572)	\$ (149,796)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	47,142	42,146
Contributions restricted for endowment	(22,455)	(107,048)
Employee retention credit	-	(260,147)
Net realized and unrealized (gains) losses on operating investments	(198,041)	(145,419)
Net realized and unrealized (gains) losses on endowment	(375,201)	(181,463)
Reduction in carrying amount of operating lease right-of-use asset	163,690	159,199
Changes in operating assets and liabilities		
Grants and contributions receivable	(368,428)	(12,686)
Inventory	17,971	(4,351)
Prepaid expenses and other current assets	(78,990)	(95,905)
Deposits	(325)	-
Accounts payable	123,473	(48,656)
Accrued vacation	20,042	(15,975)
Operating lease liability	(159,296)	(149,175)
Net cash used in operating activities	(879,990)	(969,276)
Cash flows from investing activities		
Purchase of investments	(4,246,692)	(6,743,739)
Proceeds from sale of investments	4,648,355	6,046,267
Purchase of property and equipment	(8,362)	(95,153)
Purchase of intangible assets	-	(14,879)
Net cash provided by (used in) investing activities	393,301	(807,504)
Cash flows from financing activities		
Cash received for endowment	22,455	107,048
Net cash provided by financing activities	22,455	107,048
Net decrease in cash and cash equivalents	(464,234)	(1,669,732)
Cash and cash equivalents, beginning of year	1,396,360	3,066,092
Cash and cash equivalents, end of year	\$ 932,126	\$ 1,396,360

Supplemental schedule of noncash investing activities

Operating lease right-of-use asset obtained in exchange for operating lease agreement	\$ -	\$ 1,139,288
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The accompanying notes are an integral part of these consolidated financial statements.



ReSurge International  
Notes to Consolidated Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

1. NATURE OF OPERATIONS

ReSurge International (the "Organization" or "ReSurge"), 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.

Five billion people worldwide do not have access to safe, timely and affordable surgical care and 16.9 million people die every year from surgically preventable diseases. ReSurge has pioneered the transformation of the lives of children and adults through reconstructive surgical care since 1969, and has provided 163,831 surgeries to patients across the globe. It is one of the few organizations that delivers 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 medical conditions represent approximately 30 percent of the global burden of disease — three times more than malaria, tuberculosis, and HIV/AIDS combined.

From July 1, 2023 through June 30, 2024, ReSurge impacted 25,341 patients through the Organization's training programs and 1,889 of those patients received surgeries performed by host country surgeons, or Surgical Outreach Partners, many of whom were directly trained through ReSurge's hands on surgical skills training program. This program is constantly replicated as these ReSurge surgeons train others—resulting in a multiplier-effect impact. By improving or restoring patients' function and appearance, and by training more surgeons to provide this type of care, the Organization's work gives patients the opportunity to live independent and fulfilling lives, and helps to reduce reducing suffering and diminish poverty.

ReSurge 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) and the Pioneering Women Reconstructive Surgeons (PWRS) program. ReSurge maintains no political or religious affiliations.

The Organization's programs are provided largely through dedicated volunteer medical professionals, who, during the year ended June 30, 2024, donated 3,100 hours of their time.

The Organization's international programs include:

**Training** - ReSurge 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, it is training the next generation in reconstructive surgery and creating a long-term multiplier effect impact. During the year ended June 30, 2024, ReSurge trained over 5,700 medical professionals through hands-on learning and virtual instruction.

ReSurge International  
Notes to Consolidated Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

1. NATURE OF OPERATIONS (continued)

**Treatment** - ReSurge provides direct surgical care for the underserved in low and middle-income countries at no cost to the patient. The Organization provides care through surgical trips and funds the work of the ReSurge Surgical Outreach Partners. These dedicated local reconstructive surgeons have been trained and qualified by ReSurge, making it possible for them to treat those who would otherwise have no alternative. During the year ended June 30, 2024, ReSurge supported 20 permanent medical partner programs in 12 countries—impacting over 24,000 patients.

**Partnership** - ReSurge partners with top US academic medical institutions, as well as with hospitals and colleges globally, 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 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 Telengana (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. Reconstructive Surgery India was formally dissolved during the year ended June 30, 2024 and had no material assets or activity during the year ended.

Nepal - During the year ended June 30, 2024, 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, 2024, there was no material activity or assets for the Organization's Hanoi, Vietnam branch.

During the year ended June 30, 2024, ReSurge 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, 2024, ReSurge also provided support to 20 year-round Surgical Outreach Programs 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. 85% of all of ReSurge's surgeries are performed by surgical partners through the local medical partner program.

ReSurge International  
Notes to Consolidated Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

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, 2023, 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 net assets available for use in general operations and not subject to donor-imposed restrictions. The Organization's governing Board of Directors (the "Board") may designate net assets without restrictions for specific purposes.
- *Net assets with donor restrictions* - include net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity. Net assets with donor restrictions also include the portion of donor-restricted endowment funds that are not required to be maintained in perpetuity, until such funds are appropriated for expenditure by the Organization. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as net assets without donor restrictions unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e. the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as transfers between the applicable classes of net assets.

ReSurge International  
Notes to Consolidated Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 are recorded at fair value. Investments received by donation are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are classified as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor restriction or by law. Interest and dividends are recorded net of investment management fees on the accompanying statement of activities.

The Organization has investments in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's account balances and the amounts reported in the statement of financial position.

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.

ReSurge International  
Notes to Consolidated Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

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.
- *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.

Contributions and contributions receivable, net

Contributions received are reported as net assets with or without donor restrictions, depending upon the absence or presence of donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenue in the period the promise is received. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted to present value using a risk-adjusted rate of return at initial recognition and is not revised later. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable.

Conditional promises to give are not recognized until they become unconditional; that is, when the barriers on which they depend are substantially overcome, and there is no longer a right of return of the asset or right of release from the obligation.

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.

ReSurge International  
Notes to Consolidated Financial Statements  
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(With Comparative Totals for 2023)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 gain or loss on disposition is recognized.

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.

ReSurge International  
Notes to Consolidated Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

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 is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701d of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, ReSurge 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.

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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The Organization has evaluated events subsequent to June 30, 2024, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through January 21, 2025, 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, except as disclosed below.

In September 2024, the Organization was awarded two U.S. Agency of International Development ("USAID") grants totaling \$4,000,000, which covers the period from October 2024 through September 2026.

4. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of ReSurge'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 \$81,000 of appropriations from the endowment will be available within the next 12 months.

The following is a quantitative disclosure of financial assets as of June 30, 2024 available to fund general expenditures and obligations within one year from June 30, 2024:

Financial assets	
Cash and cash equivalents	\$ 932,126
Investments	1,701,142
Other current assets	11,830
Grants and contributions receivable	570,577
Employee Retention Credit receivable	260,147
Grants and contributions receivable, noncurrent	417,179
Endowment cash and investments	<u>2,211,780</u>
	<u>6,104,781</u>
Less: amounts unavailable for general expenditures within one year:	
Donor restricted endowment (less fiscal year 2024 appropriation of approximately \$80,704)	(2,131,076)
Donor restricted for a specific purpose	<u>(1,645,820)</u>
	<u>(3,776,896)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,327,885</u>



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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, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Cash - endowment	\$ 225,542	\$ -	\$ -	\$ 225,542
Equity funds	2,706,361	-	-	2,706,361
Fixed income funds	755,248	-	-	755,248
Corporate bonds	<u>-</u>	<u>225,771</u>	<u>-</u>	<u>225,771</u>
	<u>\$ 3,687,151</u>	<u>\$ 225,771</u>	<u>\$ -</u>	<u>\$ 3,912,922</u>

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:

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

6. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable in more than one year were discounted using rates ranging from 3.2% to 5.1% as of June 30, 2024 and 3.2% as of June 30, 2023.

Grants and contributions receivable are reported as follows:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 570,577	\$ 475,998
Receivable in one to five years	<u>426,432</u>	<u>146,463</u>
	997,009	622,461
Less discounts to net present value	<u>(9,253)</u>	<u>(3,133)</u>
Total net present value of grants and contributions receivable	987,756	619,328
Current portion of grants and contributions receivable	<u>(570,577)</u>	<u>(475,998)</u>
Long-term portion of grants and contributions receivable	<u>\$ 417,179</u>	<u>\$ 143,330</u>

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6. GRANTS AND CONTRIBUTIONS RECEIVABLE (continued)

The increase in grants and contributions receivable reflects the Organization's launch of a multi-year capital campaign in the second half of the year ended June 30, 2024.

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.

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 recognized income and a corresponding receivable for the ERC credit during the year ended June 30, 2023. The ERC credit remains outstanding as a receivable on the Organization's consolidated financial statements at June 30, 2024.

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:

	<u>2024</u>	<u>2023</u>
Non-consumable equipment	\$ 281,363	\$ 281,183
Surgical equipment	280,136	294,705
Anesthesia equipment	108,955	106,905
Post-ambulatory care unit equipment	58,570	73,592
Computer equipment	53,666	48,630
Furniture and equipment	69,762	69,762
Software	<u>22,901</u>	<u>22,901</u>
	875,353	897,678
Accumulated depreciation	<u>(705,695)</u>	<u>(713,494)</u>
	<u>\$ 169,658</u>	<u>\$ 184,184</u>

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8. PROPERTY AND EQUIPMENT (continued)

Depreciation expense for the years ended June 30, 2024 and 2023 was \$22,888 and \$21,055, respectively.

9. INTANGIBLE ASSETS

On September 28, 2018, ReSurge completed a purchase of assets from WonderWork, Inc., a nonprofit organization headquartered in New York that had filed for bankruptcy. Specifically, ReSurge 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.

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:

	2024	2023
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	39,878
	316,583	316,583
Accumulated amortization	(190,096)	(165,842)
	\$ 126,487	\$ 150,741

Future amortization is as follows:

Year ending June 30,	
2025	\$ 12,266
2026	7,976
2027	7,976
2028	6,033
	\$ 34,251

Amortization expense for the years ended June 30, 2024 and 2023 was \$24,254 and \$21,091, respectively.

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10. LEASES

The Organization leases office space under an operating lease that expires in January 2029. The triple net 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 4.51 years and a discount rate of 2.91%.

Lease costs consisted of the following:

	2024	2023
Rent	\$ 195,358	\$ 194,820
Variable lease cost	5,602	5,335
Cash paid for amounts included in the measurement of lease liabilities	\$ 186,742	\$ 181,111

Future maturities of operating lease obligations are as follows:

<u>Year ending June 30,</u>	
2025	\$ 192,372
2026	198,002
2027	204,102
2028	210,436
2029	125,571
	930,483
Less: present value discount	(59,637)
Operating lease liability	870,846
Current portion	(169,718)
	\$ 701,128

11. CONTINGENCIES

The Organization is subject to legal proceedings and claims which arise in the ordinary course of its business. The Organization is not presently a party to any legal proceedings, the outcome of which, if determined adversely to the Organization, would individually or in the aggregate have a material adverse effect on its financial position or result of operations.

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12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2024	2023
Purpose restrictions		
Surgical outreach and training	\$ 743,844	\$ 716,759
Visiting education trips	475,983	440,460
Jeff Whisenant Fund for Sustainability	322,647	513,679
Burn outreach program	53,744	243,236
CMO Discretionary Fund	49,602	50,000
	1,645,820	1,964,134
Time restrictions		
Unappropriated accumulated endowment earnings	812,098	471,923
General operating for future years	493,000	303,318
	1,305,098	775,241
Held in perpetuity		
The Albert Wilson Fund	600,000	600,000
RIPA Endowment	500,000	500,000
Whisenant Endowment Fund	123,908	103,908
Baker Foundation	100,000	100,000
Zlotnick Endowment	75,774	73,319
	1,399,682	1,377,227
	\$ 4,350,600	\$ 4,116,602

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

	2024	2023
Purpose restrictions		
Surgical outreach and training	\$ 702,815	\$ 798,555
Burn outreach program	195,569	210,299
Jeff Whisenant Fund for Sustainability	191,735	501,172
Visiting education trips	84,349	344,719
Endowment appropriations for operations	80,704	72,880
CMO Discretionary Fund	398	-
	1,255,570	1,927,625
Time restrictions		
General operating for future years	303,568	379,121
	\$ 1,559,138	\$ 2,306,746

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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, 2024 and 2023 the Organization provided a 4% match. The Organization's contributions for the years ended June 30, 2024 and 2023 were \$51,763 and \$43,124, respectively.

14. CONCENTRATIONS AND RELATED PARTY TRANSACTIONS

At June 30, 2024, \$938,533 or 97% of the total grants and contributions receivable was provided by five donors. At June 30, 2023, \$454,759 or 73% of the total grants and contributions receivable was provided by three donors.

For the year ended June 30, 2024, \$1,371,968 or 36% of total grants, contributions, and special events were provided by two donors. For the year ended June 30, 2023, \$528,301 or 16% of total grants, contributions, and special events were provided by one donor.

During the years ended June 30, 2024 and 2023, \$316,524 and \$535,016 of the grants and contributions was received from members of the Organization's Board of Directors. At June 30, 2024 and 2023, \$338,250 and \$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 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 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:

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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, 2024 and 2023.

Investment return objectives, risk parameters and strategies

ReSurge 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, the Organization will pursue a broad asset allocation approach that seeks to minimize management and transactional costs. Unless otherwise determined by the Finance Committee, the target asset allocation balance is cash and cash equivalents, defensive assets, credit strategies, diversified market strategies and growth assets.

Spending policy

ReSurge 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's Finance Committee to:

- conform to donor intent or instruction;
- provide funding for operations; or
- other purposes as determined by the Sub-Committee.

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15. ENDOWMENT (continued)

Spending policy (continued)

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, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>Subject to Appropriation and Spending Policy</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 812,098	\$ 1,399,682	\$ 2,211,780

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

	<u>Without Donor Restrictions</u>	<u>Subject to Appropriation and Spending Policy</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 471,922	\$ 1,377,227	\$ 1,849,149



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15. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2024 is as follows:

	Without Donor Restrictions	Subject to Appropriation and Spending Policy	Held in Perpetuity	Total
Balance, June 30, 2023	\$ -	\$ 471,922	\$ 1,377,227	\$ 1,849,149
Realized and unrealized gains	-	375,201	-	375,201
Interest and dividend income, net	-	45,679	-	45,679
Contributions	-	-	22,455	22,455
Appropriation of endowment net assets for expenditure	-	(80,704)	-	(80,704)
Balance, June 30, 2024	<u>\$ -</u>	<u>\$ 812,098</u>	<u>\$ 1,399,682</u>	<u>\$ 2,211,780</u>

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	-	(72,881)	-	(72,881)
Balance, June 30, 2023	<u>\$ -</u>	<u>\$ 471,922</u>	<u>\$ 1,377,227</u>	<u>\$ 1,849,149</u>

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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:

	<u>2024</u>	<u>2023</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Medical services	\$ 3,044,660	\$ 2,937,015	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	237,414	156,918	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 supplies	7,445	17,362	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.
Events	4,356	235,105	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. 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 equipment	<u>-</u>	<u>87,289</u>	Team trips and visiting education	No associated donor restrictions	
	<u>\$ 3,293,875</u>	<u>\$ 3,433,689</u>			

17. DISSOLUTION OF SUBSIDIARY

In September 2023, ReSurge India was formally dissolved and its assets and liabilities were absorbed by ReSurge International. There was not a material impact to the consolidated financial statements.