

ReSurge International

Financial Statements

June 30, 2025 and 2024

ReSurge International

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Independent Auditors' Report

To the Board of Directors of
ReSurge International

Opinion

We have audited the accompanying financial statements of ReSurge International (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Other Matter

The financial statements of the Organization, as of and for the year ended June 30, 2024, were audited by other auditors, whose report dated January 21, 2025, expressed an unmodified opinion on those statements.

Baker Tilly US, LLP

San Diego, California
June 8, 2026

ReSurge International

Statements of Financial Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 499,460	\$ 932,126
Investments	1,676,783	1,701,142
Grants and contributions receivable, current	753,979	570,577
Inventory	43,975	53,375
Prepaid expenses and other current assets	64,781	209,695
Employee retention credit receivable	127,300	260,147
Total current assets	3,166,278	3,727,062
Grants and contributions receivable, noncurrent	850,299	417,179
Deposits	50,565	50,565
Endowment investments	2,231,247	2,211,780
Property and equipment, net	159,870	169,658
Intangibles, net	118,696	126,487
Operating lease right-of-use asset	647,918	816,399
Total assets	<u>\$ 7,224,873</u>	<u>\$ 7,519,130</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and other accrued liabilities	\$ 416,088	\$ 532,054
Accrued vacation	105,891	99,480
Deferred revenue	15,000	15,000
Operating lease liability, current	180,446	169,718
Total current liabilities	717,425	816,252
Operating Lease Liability, Noncurrent	<u>520,682</u>	<u>701,128</u>
Total liabilities	<u>1,238,107</u>	<u>1,517,380</u>
Net Assets		
Net assets without donor restrictions:		
Undesignated	2,281,138	1,477,092
Board designated	4,400	4,400
Investment in property and equipment, net	169,658	169,658
Total without donor restrictions	<u>2,455,196</u>	<u>1,651,150</u>
Net assets with donor restrictions:		
Restricted for a specific purpose	1,300,323	1,645,820
General operating for future years	-	493,000
Subject to appropriation and spending policy	831,075	812,098
Held in perpetuity (donor-restricted endowment corpus)	1,400,172	1,399,682
Total with donor restrictions	<u>3,531,570</u>	<u>4,350,600</u>
Total net assets	<u>5,986,766</u>	<u>6,001,750</u>
Total liabilities and net assets	<u>\$ 7,224,873</u>	<u>\$ 7,519,130</u>

See notes to consolidated financial statements

ReSurge InternationalStatement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	2025 Total
Support, Revenue, Gains and Losses and Net Assets Released From Restriction			
Grants and contributions	\$ 2,792,380	\$ 1,546,159	\$ 4,338,539
In-kind contributions	3,345,097	-	3,345,097
Special events	515,909	-	515,909
Investment income, net	221,358	108,763	330,121
Other income	6,301	-	6,301
Net assets released from restriction	<u>2,473,952</u>	<u>(2,473,952)</u>	<u>-</u>
Total support, revenue, gains and losses and net assets released from restriction	<u>9,354,997</u>	<u>(819,030)</u>	<u>8,535,967</u>
Functional Expenses			
Program services	6,343,836	-	6,343,836
Support services			
Management and general	745,270	-	745,270
Fundraising	<u>1,461,845</u>	<u>-</u>	<u>1,461,845</u>
Total support services	<u>2,207,115</u>	<u>-</u>	<u>2,207,115</u>
Total functional expenses	<u>8,550,951</u>	<u>-</u>	<u>8,550,951</u>
Changes in net assets	804,046	(819,030)	(14,984)
Net Assets, Beginning	<u>1,651,150</u>	<u>4,350,600</u>	<u>6,001,750</u>
Net Assets, Ending	<u>\$ 2,455,196</u>	<u>\$ 3,531,570</u>	<u>\$ 5,986,766</u>

See notes to consolidated financial statements

ReSurge International

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Support, Revenue, Gains and Losses and Net Assets Released From Restriction			
Grants and contributions	\$ 2,496,665	\$ 1,372,256	\$ 3,868,921
In-kind contributions	3,293,875	-	3,293,875
Investment income, net	245,996	420,880	666,876
Other income	13,160	-	13,160
Net assets released from restriction	<u>1,559,138</u>	<u>(1,559,138)</u>	<u>-</u>
Total support, revenue, gains and losses and net assets released from restriction	<u>7,608,834</u>	<u>233,998</u>	<u>7,842,832</u>
Functional Expenses			
Program services	5,782,461	-	5,782,461
Support services			
Management and general	931,912	-	931,912
Fundraising	<u>1,178,031</u>	<u>-</u>	<u>1,178,031</u>
Total support services	<u>2,109,943</u>	<u>-</u>	<u>2,109,943</u>
Total functional expenses	<u>7,892,404</u>	<u>-</u>	<u>7,892,404</u>
Changes in net assets	(283,570)	233,998	(49,572)
Net Assets, Beginning	<u>1,934,720</u>	<u>4,116,602</u>	<u>6,051,322</u>
Net Assets, Ending	<u>\$ 1,651,150</u>	<u>\$ 4,350,600</u>	<u>\$ 6,001,750</u>

See notes to consolidated financial statements

ReSurge InternationalStatement of Functional Expenses
Year Ended June 30, 2025

	Support Services			Total Support Services	2025 Total
	Program Services	Management and General	Fundraising		
Personnel expenses					
Salaries and wages	\$ 580,089	\$ 392,515	\$ 514,849	\$ 907,364	1,487,453
Employee benefits	96,866	73,216	37,380	110,596	207,462
Payroll taxes	47,684	32,164	42,652	74,816	122,500
Total personnel expenses	724,639	497,895	594,881	1,092,776	1,817,415
Donated medical services	3,211,097	-	134,000	134,000	3,345,097
Professional services	1,096,345	98,861	210,562	309,423	1,405,768
Staff and volunteer expenses	396,440	33,674	24,462	58,136	454,576
Events	3,823	237	305,677	305,914	309,737
Surgical outreach	301,910	-	-	-	301,910
Advertising	214,836	500	20,134	20,634	235,470
Occupancy	77,162	43,884	57,874	101,758	178,920
Office expenses	40,322	18,032	35,033	53,065	93,387
Repairs and maintenance (IT)	66,735	12	21	33	66,768
Hospital fees	65,712	-	-	-	65,712
Utilities	22,700	9,241	12,999	22,240	44,940
Insurance	22,707	5,707	12,290	17,997	40,704
Bank charges	9,969	12,147	17,594	29,741	39,710
Dues and subscriptions	24,994	3,261	11,153	14,414	39,408
Depreciation and amortization	11,931	3,832	11,189	15,021	26,952
Other expenses	4,440	12,524	9,598	22,122	26,562
Medical supplies	23,521	-	-	-	23,521
Conferences and meetings	13,401	3,794	-	3,794	17,195
Postage	4,852	626	3,096	3,722	8,574
Repairs and maintenance - building	2,444	1,007	1,282	2,289	4,733
Miscellaneous	2,313	36	-	36	2,349
Warehouse expense	1,543	-	-	-	1,543
Total	\$ 6,343,836	\$ 745,270	\$ 1,461,845	\$ 2,207,115	\$ 8,550,951
Percentage of total	74%	9%	17%	26%	100%

See notes to consolidated financial statements

ReSurge InternationalStatement of Functional Expenses
Year Ended June 30, 2024

	<u>Support Services</u>				2024 Total
	Program Services	Management and General	Fundraising	Total Support Services	
Personnel expenses					
Salaries and wages	\$ 733,744	\$ 331,650	\$ 484,768	\$ 816,418	1,550,162
Employee benefits	108,877	54,250	75,332	129,582	238,459
Payroll taxes	67,413	20,918	42,791	63,709	131,122
Total personnel expenses	910,034	406,818	602,891	1,009,709	1,919,743
Donated medical services	3,196,804	-	-	-	3,196,804
Professional services	938,749	246,317	214,584	460,901	1,399,650
Staff and volunteer expenses	269,872	47,437	68,986	116,423	386,295
Events	66,930	108	30,124	30,232	97,162
Surgical outreach	86,847	-	-	-	86,847
Advertising	15,398	3,946	51,356	55,302	70,700
Occupancy	98,312	26,683	75,965	102,648	200,960
Office expenses	9,532	8,466	28,579	37,045	46,577
Repairs and maintenance (IT)	9,720	3,846	12,976	16,822	26,542
Hospitalal fees	25,811	-	-	-	25,811
Utilities	16,443	6,550	12,124	18,674	35,117
Insurance	12,188	21,171	4,879	26,050	38,238
Bank charges	31	8,756	13,632	22,388	22,419
Dues and subscriptions	18,147	11,808	9,231	21,039	39,186
Depreciation and amortization	12,525	4,905	29,712	34,617	47,142
Other expenses	-	-	-	-	-
Medical supplies	80,609	-	1,950	1,950	82,559
Conferences and meetings	800	8,459	307	8,766	9,566
Postage	2,061	7	4,481	4,488	6,549
Repairs and maintenance - building	1,767	198	1,301	1,499	3,266
Miscellaneous	7,265	27,046	13,073	40,119	47,384
Warehouse expense	215	-	-	-	215
Bad debt	-	98,169	-	98,169	98,169
Software and equipment	2,401	1,222	1,880	3,102	5,503
Total	<u>\$ 5,782,461</u>	<u>\$ 931,912</u>	<u>\$ 1,178,031</u>	<u>\$ 2,109,943</u>	<u>\$ 7,892,404</u>
Percentage of total	<u>73%</u>	<u>12%</u>	<u>15%</u>	<u>27%</u>	<u>100%</u>

See notes to consolidated financial statements

ReSurge International

Statement of Cash Flows

Year Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ (14,984)	\$ (49,572)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	26,952	47,142
Contributions restricted for endowment	(490)	(22,455)
Net realized and unrealized gains on operating investments	(162,092)	(198,041)
Net realized and unrealized gains on endowment	(24,998)	(375,201)
Amortization of right-of-use assets	168,481	163,690
Changes in operating assets and liabilities:		
Grants and contributions receivable	(616,522)	(368,428)
Employee retention credit receivable	132,847	-
Inventory	9,400	17,971
Prepaid expenses and other current assets	144,914	(78,990)
Deposits	-	(325)
Accounts payable and other accrued expenses	(115,966)	123,473
Accrued vacation	6,411	20,042
Operating lease liability	(169,718)	(159,296)
Net cash flows from operating activities	<u>(615,765)</u>	<u>(879,990)</u>
Cash Flows From Investing Activities		
Purchase of investments	(905,517)	(4,246,692)
Proceeds from sale of investments	1,097,499	4,648,355
Purchase of property and equipment	(9,373)	(8,362)
Net cash flows from investing activities	<u>182,609</u>	<u>393,301</u>
Cash Flows From Financing Activities		
Cash received for endowment	490	22,455
Cash flows from financing activities	<u>490</u>	<u>22,455</u>
Decrease in cash and cash equivalents	(432,666)	(464,234)
Cash and Cash Equivalents, Beginning	<u>932,126</u>	<u>1,396,360</u>
Cash and Cash Equivalents, Ending	<u>\$ 499,460</u>	<u>\$ 932,126</u>

See notes to consolidated financial statements

ReSurge International

Notes to Financial Statements
June 30, 2025 and 2024

1. Nature of Operations

ReSurge International (ReSurge or the Organization) is a nonprofit public benefit corporation dedicated to closing this gap and to restoring health, dignity, and hope through reconstructive surgical care in low-income countries. By training, funding, and scaling local surgical teams, ReSurge helps children and adults receive life-changing procedures that would otherwise remain out of reach.

More than five billion people worldwide lack access to safe, timely, and affordable surgical care, and an estimated 16.9 million people die each year from surgically treatable conditions. Behind these statistics are children unable to attend school because of untreated cleft conditions, parents unable to work after burns or traumatic injuries, and individuals living with pain, stigma, and isolation simply because they cannot access basic surgical care.

ReSurge works in 17 countries across Latin America, Africa and Asia to build reconstructive surgical capacity where it is most needed. Some of the Organization's specific programs include the ReSurge International Program in Africa (RIPA) and the Pioneering Women Reconstructive Surgeons (PWRS) program. ReSurge maintains no political or religious affiliations.

ReSurge evolved from primarily funding surgical mission trips to investing in the training of local reconstructive surgical teams—shifting from a model of episodic care to one focused on sustainable, long-term impact. By equipping surgeons, anesthesiologists, nurses, and medical educators with advanced skills they can use and teach for decades, ReSurge has dramatically expanded its reach, creating a multiplier effect that brings life-changing care to far more patients and communities over time.

During the fiscal year ended June 30, 2025, ReSurge programs directly impacted more than 31,000 patients, including approximately 1,700 surgeries performed by ReSurge Surgical Outreach Partners—local surgeons trained directly through ReSurge's hands-on surgical education programs. ReSurge also trained more than 8,700 medical professionals through in-person and virtual instruction during the year. These programs not only restore function and appearance, but also help patients return to school, work, and family life—reducing suffering, strengthening communities, and helping break cycles of poverty.

ReSurge supports 20 permanent medical partner programs across 13 countries and provides surgical care at no cost to patients. Its work is made possible in large part through the dedication of volunteer medical professionals, who contributed nearly 4,500 hours of service during fiscal year 2025.

The Organization also advances specialized initiatives that address critical gaps in surgical care and education, including the ReSurge International Program in Africa (RIPA) and the Pioneering Women Reconstructive Surgeons (PWRS) program. ReSurge maintains no political or religious affiliations.

2. Summary of Significant Accounting Policies

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

Financial Statement Presentation

The Organization follows standards of accounting and financial reporting for non-profit organizations. In accordance with GAAP, the Organization reports its 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.

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. The Organization's cash equivalents for the years ended June 30, 2025 and 2024 amounted to \$50,803 and \$659,177, respectively.

Grants and Contributions Receivable

The Organization recognizes all unconditional gifts and pledges in the period notified. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Amounts receivable beyond one year are classified as long-term and discounted to present value using a risk-free rate based on the Daily Treasury Yield Curve Rate.

Uncollectible pledges are determined based on the historical experience of the relationship between actual bad debts and new amounts pledged.

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 statements of activities.

The Organization's investments are comprised of a variety of financial instruments. The fair values reported in the balance sheets are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is possible that the amounts reported in the balance sheets could change materially in the near term.

ReSurge International

Notes to Financial Statements

June 30, 2025 and 2024

Fair Value Measurements

The Organization is required to consider the use of market-based information over entity-specific information in valuing its financial assets measured at fair value, using a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value categorizes the inputs as follows:

Level 1 – Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability that are not corroborated by market data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the observable inputs and minimize the use of unobservable inputs.

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.

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:

	<u>Years</u>
Nonconsumable equipment	5
Surgical equipment	5
Anesthesia equipment	5
Post ambulatory care unit equipment	5
Computer equipment	3
Furniture and equipment	10
Software	3

Impairment 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.

Intangibles

The Organization developed internal-use software across two distinct initiatives. These include a donor database and an internal website to support organizational communications and enhance program visibility.

Costs incurred during the preliminary project stage of software development (planning and design) were expensed as incurred. Capitalization of software development costs began in the application development stage when management commits to funding the project and it became probable the project will be completed and perform its functions as intended. Capitalization ended when the development application stage was completed. Capitalized software development costs are amortized on a straight-line basis over the estimated software life (5-10 years), beginning after software is available for use. The Organization recorded amortization expense of \$197,887 and \$190,096 as of June 30, 2025 and 2024.

Revenue Recognition

Grants and Contributions

Unconditional promises to give are recorded as revenue at fair value when the promise is made by the donor/grantor. Conditional grants and contributions are those with a barrier to entitlement that the Organization must overcome and a right of return if the conditions are not met. Cash collected for conditional grants and contributions are accounted for as a liability until the barrier to entitlement is overcome, at which point, the revenue is recognized at fair value. Grants and contributions that are restricted by the donor or by time restrictions are reported as increases in net assets with donor restrictions. When the Organization incurs qualifying expenditures towards the restricted purpose or time restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributed Goods and Services

Donated equipment and other donated goods are recorded as in-kind contribution revenue at their estimated fair value on the date of receipt. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific use.

The Organization records contribution revenue for certain services received at fair value of those services, if the services (a) created or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills and would be purchased if not donated.

ReSurge International

Notes to Financial Statements
June 30, 2025 and 2024

Special Events

Contracts for special events generally consist of tickets for the special event that the Organization hosts during the year. The Organization's performance obligation is to conduct the event for which tickets are sold. The transaction price is determined when the participant purchases an event ticket. In certain instances, the Organization will offer discounts on tickets, and in cases where the event is cancelled or delayed, a refund will be offered to the participant. Revenue is recognized when the event occurs. During the year ended June 30, 2025 and 2024, there were no ticket sales during the year. Special event revenue consists of donations raised prior to and during the special event.

Leases

At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the noncancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

The Organization has made the following accounting policy elections with regard to its lease accounting:

- The Organization does not separate lease and nonlease components for all asset classes;
- When the rate implicit in the lease is not determinable, rather than use the Organization's incremental borrowing rate, the Organization uses a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes.
- The Organization does not elect to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term;
- The Organization accounts for its leases using the portfolio approach; as such, leases that have similar commencement dates, length of terms, renewal options or other contract terms have been combined into a lease portfolio whereby the resulting accounting at the portfolio level does not differ materially from that at the individual lease level.

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.

ReSurge International

Notes to Financial Statements

June 30, 2025 and 2024

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 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 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.

Reclassifications

Certain prior year reclassifications have been made for consistent presentation. These reclassifications had no effect on previously reported results of operations or net assets.

Subsequent Events

The Organization has evaluated events through June 8, 2026, which is the date the financial statements were approved and available to be issued.

3. 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%.

The following is a quantitative disclosure of financial assets as of June 30, 2025 and 2024 available to fund general expenditures and obligations within one year of the statement of financial position date to meet general expenditures:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 499,460	\$ 932,126
Investments	1,676,783	1,701,142
Grants and contributions receivable, current	753,979	570,577
Employee Retention Credit receivable	127,300	260,147
	<u>3,057,522</u>	<u>3,463,992</u>
Less amounts unavailable for general expenditures within one year:		
Donor restricted for a specific purpose	<u>(1,300,323)</u>	<u>(1,645,820)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,757,199</u>	<u>\$ 1,818,172</u>

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4. 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, 2025:

	2025			
	Level 1	Level 2	Level 3	Total
Cash, endowment	\$ 299,840	\$ -	\$ -	\$ 299,840
Equity funds	2,529,580	-	-	2,529,580
Fixed income funds	1,078,610	-	-	1,078,610
Total	<u>\$ 3,908,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,908,030</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, 2024:

	2024			
	Level 1	Level 2	Level 3	Total
Cash, endowment	\$ 225,542	\$ -	\$ -	\$ 225,542
Equity funds	2,706,361	-	-	2,706,361
Fixed income funds	755,248	-	-	755,248
Corporate bonds	-	225,771	-	225,771
Total	<u>\$ 3,687,151</u>	<u>\$ 225,771</u>	<u>\$ -</u>	<u>\$ 3,912,922</u>

5. Grants and Contributions Receivable

Grants and contributions receivable in more than one year were discounted using rates ranging from 4.0% to 5.1% as of June 30, 2025 and 3.2% to 5.1% as of June 30, 2024.

Grants and contributions receivable are reported as follows:

	2025	2024
Receivable in less than one year	\$ 753,979	\$ 570,577
Receivable in one to five years	869,205	426,432
	1,623,184	997,009
Less discounts to net present value	(18,906)	(9,253)
Total net present value of grants and contributions receivable	1,604,278	987,756
Current portion of grants and contributions receivable	(753,979)	(570,577)
Long-term portion of grants and contributions receivable	<u>\$ 850,299</u>	<u>\$ 417,179</u>

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6. Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Organization qualified for the ERC as it experienced a significant decline in gross receipts (in 2021, defined as a 20% decline in gross receipts when compared to the same quarter in 2019) in the first quarter of 2021. The Organization averaged less than 500 full-time employees (FTEs) during 2019, therefore, it was considered a small employer during 2021. As a small employer, all of the Organization's otherwise qualified wages were eligible for the ERC. For 2021, the ERC equaled 70% of an employee's qualified wages up to \$10,000 per employee per calendar quarter with a maximum annual credit of \$21,000 for each employee.

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 Organization collected \$132,847 of the ERC credit during the year ended June 30, 2025. The ERC credit of \$127,300 remains outstanding as a receivable on the Organization's financial statements at June 30, 2025.

7. Property and Equipment

Property and equipment consists of the following:

	<u>2025</u>	<u>2024</u>
Nonconsumable equipment	\$ -	\$ 281,363
Surgical equipment	298,095	280,136
Anesthesia equipment	219,743	108,955
Post-ambulatory care unit equipment	35,054	58,570
IT equipment	53,666	53,666
Furniture and equipment	69,762	69,762
Software	22,901	22,901
	<u>699,221</u>	<u>875,353</u>
Accumulated depreciation	<u>(539,351)</u>	<u>(705,695)</u>
Total property and equipment	<u>\$ 159,870</u>	<u>\$ 169,658</u>

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8. 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:

	<u>2025</u>	<u>2024</u>
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	<u>39,878</u>	<u>39,878</u>
	316,583	316,583
Accumulated amortization	<u>(197,887)</u>	<u>(190,096)</u>
Total intangible assets	<u>\$ 118,696</u>	<u>\$ 126,487</u>

Future amortization is as follows:

Years ending June 30:	
2026	\$ 12,266
2027	7,976
2028	<u>6,219</u>
	<u>\$ 26,461</u>

9. 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.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses a risk-free rate based on U.S. Treasury notes for similar terms.

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Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Organization made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Organization:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.
- Determined whether contracts contain embedded leases.
- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases.

The Organization does not have any material leasing transactions with related parties.

The following table summarizes the lease right-of-use assets and lease liabilities as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Right-of-use assets:		
Operating leases	\$ 647,918	\$ 816,399
Lease liabilities:		
Current operating lease liabilities	\$ 180,446	\$ 169,718
Long-term operating lease liabilities	520,682	701,128
Total lease liabilities	<u>\$ 701,128</u>	<u>\$ 870,846</u>

Below is a summary of expenses incurred pertaining to leases during the year ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating lease expense	\$ 168,480	\$ 195,358
Weighted-average remaining lease term (in years):		
Operating leases	3.67	4.51
Weighted-average discount rate:		
Operating leases	2.91 %	2.91 %

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The table below summarizes the Organization's future minimum lease payments for the years ending after June 30, 2025:

Years ending June 30:	
2026	\$ 198,002
2027	204,102
2028	210,436
2029	<u>125,570</u>
Total lease payments	738,110
Less present value discount	<u>(36,982)</u>
Operating lease liability	701,128
Current portion	<u>(180,446)</u>
Total lease liabilities	<u>\$ 520,682</u>

The following table includes supplemental cash flow and noncash information related to the leases for the year ended June 30, 2025:

Cash paid for amounts included in the measurement of the lease liabilities:	
Operating cash flows from operating lease	\$ 192,372

10. 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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11. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following:

	<u>2025</u>	<u>2024</u>
Purpose restrictions:		
Surgical outreach and training	\$ 954,856	\$ 743,844
Visiting education trips	300,006	475,983
Jeff Whisenant Fund for Sustainability	-	322,647
Burn Outreach Program	-	53,744
CMO Discretionary Fund	45,461	49,602
	<u>1,300,323</u>	<u>1,645,820</u>
Time restrictions:		
Unappropriated accumulated endowment earnings	831,075	812,098
General operating for future years	-	493,000
	<u>831,075</u>	<u>1,305,098</u>
Held in perpetuity:		
The Albert Wilson Fund	600,000	600,000
RIPA Endowment	500,000	500,000
Whisenant Endowment Fund	123,908	123,908
Baker Foundation	100,000	100,000
Zlotnick Endowment	76,264	75,774
	<u>1,400,172</u>	<u>1,399,682</u>
Total net assets with donor restrictions	<u>\$ 3,531,570</u>	<u>\$ 4,350,600</u>

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

	<u>2025</u>	<u>2024</u>
Purpose restrictions:		
Surgical outreach and training	\$ 1,246,222	\$ 702,815
Burn Outreach Program	199,967	195,569
Jeff Whisenant Fund for Sustainability	387,031	191,735
Visiting education trips	455,800	84,349
Endowment appropriations for operations	89,786	80,704
CMO Discretionary Fund	5,119	398
Other	90,027	-
	<u>2,473,952</u>	<u>1,255,570</u>
Time restrictions:		
General operating for future years	-	303,568
Net assets with donor restrictions released from restrictions	<u>\$ 2,473,952</u>	<u>\$ 1,559,138</u>

12. 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, 2025 and 2024, the Organization provided a 4% match. The Organization's contributions for the years ended June 30, 2025 and 2024 were \$46,507 and \$51,763, respectively.

13. Concentrations and Related-Party Transactions

At June 30, 2025 and 2024, 57% or \$915,392 and 97% or \$938,533 of the total grants and contributions receivable was provided by five donors, respectively.

For the years ended June 30, 2025 and 2024, 25% or \$1,100,000 of total grants, contributions, and special events were provided by four donors and 36% or \$1,371,968 of total grants, contributions, and special events were provided by two donors, respectively.

During the years ended June 30, 2025 and 2024, \$588,791 and \$316,524, respectively, of the grants and contributions was received from members of the Organization's board of directors. At June 30, 2025 and 2024, \$63,474 and \$338,250, respectively, of grants and contribution receivables were provided by the Organization's board of directors.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Certain investment accounts are insured up to \$500,000 by the Securities Investor Protection Corporation (SIPC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. At June 30, 2025 and 2024 the Organization held investments in excess of the SIPC insurance limits.

14. Endowment

The Organization's endowment consists of five individual funds (Note 11). Its endowment includes donor-restricted endowment funds. As required by 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:

- (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.

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(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, 2025 and 2024.

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 Finance 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, 2025 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	\$ -	\$ 831,075	\$ 1,400,172	\$ 2,231,247

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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

Changes in endowment net assets for the fiscal year ended June 30, 2025 is as follows:

	<u>Subject to Appropriation and Spending Policy</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Balance, June 30, 2024	\$ 812,098	\$ 1,399,682	\$ 2,211,780
Realized and unrealized gains	83,765	-	83,765
Interest and dividend income, net	24,998	-	24,998
Contributions	-	490	490
Appropriation of endowment net assets for expenditure	<u>(89,786)</u>	<u>-</u>	<u>(89,786)</u>
Balance, June 30, 2025	<u>\$ 831,075</u>	<u>\$ 1,400,172</u>	<u>\$ 2,231,247</u>

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

	<u>Subject to Appropriation and Spending Policy</u>	<u>Held in Perpetuity</u>	<u>Total</u>
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	<u>(80,704)</u>	<u>-</u>	<u>(80,704)</u>
Balance, June 30, 2024	<u>\$ 812,098</u>	<u>\$ 1,399,682</u>	<u>\$ 2,211,780</u>

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15. 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 years were as follows:

Nonfinancial Asset	Revenue Recognized		Utilization in Programs / Activities	Donor Restrictions	Valuation Techniques and Inputs
	2025	2024			
Medical services	\$ 3,109,409	\$ 3,044,660	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	101,688	237,414	Team trips and visiting education	No associated donor restrictions	Contributed services from professionals are valued at the estimated fair value based on current rates for similar services
Medical supplies	-	7,445	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	134,000	4,356	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
Total	<u>\$ 3,345,097</u>	<u>\$ 3,293,875</u>			