

APOPO US Inc.

Financial Statements
and Independent Auditors' Report

December 31, 2021

APOPO US Inc.

Financial Statements
December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
APOPO US Inc.

Opinion

We have audited the accompanying financial statements of APOPO US Inc. (“APOPO”), which comprise the statement of financial position as of December 31, 2021; 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 APOPO as of December 31, 2021, and the changes 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. 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 APOPO 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 the 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 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 APOPO’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.


Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 APOPO'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 APOPO'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.



Vienna, Virginia
March 22, 2022

APOPO US Inc.

Statement of Financial Position
December 31, 2021

Assets	
Cash	\$ 252,209
Contributions receivable	<u>36,209</u>
Total assets	<u><u>\$ 288,418</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	<u>\$ 6,953</u>
Total liabilities	<u>6,953</u>
Net Assets	
Without donor restrictions	<u>281,465</u>
Total net assets	<u>281,465</u>
Total liabilities and net assets	<u><u>\$ 288,418</u></u>

APOPO US Inc.

Statement of Activities
For the Year Ended December 31, 2021

Revenue and Support Without Donor Restrictions	
Contributions and grants	<u>\$ 1,138,232</u>
Total revenue and support without donor restrictions	<u>1,138,232</u>
Expenses	
Program services	<u>793,956</u>
Supporting services:	
Management and general	57,784
Fundraising	<u>117,968</u>
Total supporting services	<u>175,752</u>
Total expenses	<u>969,708</u>
Change in Net Assets	168,524
Net Assets, beginning of year	<u>112,941</u>
Net Assets, end of year	<u><u>\$ 281,465</u></u>

APOPO US Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Salaries	\$ 65,681	\$ 9,965	\$ 91,252	\$ 101,217	\$ 166,898
Payroll taxes	-	13,430	-	13,430	13,430
Program grants	720,000	-	2,000	2,000	722,000
Fundraising	-	-	24,257	24,257	24,257
Professional services	-	10,738	-	10,738	10,738
Advertising	-	-	408	408	408
Equipment	3,779	-	-	-	3,779
Travel	1,368	-	-	-	1,368
External services	-	844	-	844	844
Repairs and maintenance	580	-	-	-	580
Bank, merchant, and other fees	-	20,209	-	20,209	20,209
Loss on disposal of assets	-	841	-	841	841
Depreciation	-	157	-	157	157
Other	2,548	1,600	51	1,651	4,199
Total Expenses	\$ 793,956	\$ 57,784	\$ 117,968	\$ 175,752	\$ 969,708

See accompanying notes.

APOPO US Inc.

Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows from Operating Activities	
Change in net assets	\$ 168,524
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	157
Loss on disposal of assets	841
Change in operating assets and liabilities:	
Decrease in:	
Contributions receivable	7,339
Increase in:	
Accounts payable	<u>5,527</u>
Net cash provided by operating activities	<u>182,388</u>
Net Increase in Cash	182,388
Cash, beginning of year	<u>69,821</u>
Cash, end of year	<u><u>\$ 252,209</u></u>

APOPO US Inc.

Notes to Financial Statements December 31, 2021

1. Nature of Operations

APOPO US Inc. (“APOPO”) was incorporated in 2014 in the State of Delaware and is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3). APOPO’s mission is to protect people and the planet with innovative solutions using trained rats and other scent detection animals.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

APOPO’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed 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, where the donor stipulates those resources be maintained in perpetuity. 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.

Contributions Receivable

Contributions receivable represent amounts that have been promised but not yet received and are recorded at net realizable value. Contributions due in more than one year are discounted to present value based on management’s estimate of the risk adjusted rate of return. No allowance for doubtful accounts has been recorded as management believes that all receivables are fully collectible.

Property and Equipment

Property and equipment purchased at a cost of \$1,500 or more are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to five years.

APOPO US Inc.

Notes to Financial Statements
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. APOPO reports contributions and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred. APOPO's advertising costs were \$408 for the year ended December 31, 2021.

Subsequent Events

In preparing these financial statements, APOPO has evaluated events and transactions for potential recognition or disclosure through March 22, 2022, the date the financial statements were available to be issued.

APOPO US Inc.

Notes to Financial Statements
December 31, 2021

3. Liquidity and Availability

APOPO has a goal to maintain financial assets, which consist of cash, on hand to meet 90 days of normal operating expenses. APOPO regularly monitors liquidity required to meet its operating needs and other contractual commitments.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2021:

Cash	\$	252,209
Contributions receivable		<u>36,209</u>
Total available for general expenditures	\$	<u><u>288,418</u></u>

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject APOPO to significant concentrations of credit risk consist of cash. APOPO maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). APOPO has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

For the year ended December 31, 2021, a substantial portion of APOPO's revenue was generated from a small number of donors. Contributions received from three donors accounted for approximately 30% of APOPO's total operating revenue and support for the year ended December 31, 2021.

5. Contributions Receivable

Contributions receivable were \$36,209 at December 31, 2021. All amounts were considered collectible in less than one year.

APOPO US Inc.

Notes to Financial Statements
December 31, 2021

6. Related Party Transactions

APOPO VZW is a Belgium-based social enterprise whose mission is to develop and implement detection rats technology to provide solutions for global problems. APOPO raises funds in the United States to support the charitable and humanitarian programs of APOPO VZW in various countries. During the year ended December 31, 2021, APOPO provided funding to support a tuberculosis program, mine action program, and research work performed by APOPO VZW in Angola and Cambodia. Total funding for the year ended December 31, 2021 was \$718,000 and is included in program grants expenses in the accompanying statement of functional expenses.

7. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include staff salaries, which are allocated on the basis of estimates of time and effort.

8. Income Taxes

APOPO is exempt from federal income tax under IRC Section 501(c)(3). In addition, APOPO qualifies as a charitable organization as described in IRC Section 170(b)(1)(A)(vi) and has been classified under IRC Section 509(a)(2) as an organization that is not a private foundation. Management has evaluated APOPO's tax positions and concluded that the financial statements do not include any uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.