

**BETHANY RELIEF AND
REHABILITATION INTERNATIONAL, INC.**

**AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

December 31, 2023 and 2022

BETHANY RELIEF AND REHABILITATION INTERNATIONAL, INC.

FINANCIAL REPORT

For the Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bethany Relief and Rehabilitation International, Inc.

Opinion

We have audited the accompanying financial statements of Bethany Relief and Rehabilitation International, Inc., also known as BethanyKids USA, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Bethany Relief and Rehabilitation International, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Bethany Relief and Rehabilitation International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Bethany Relief and Rehabilitation International, Inc.'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 Bethany Relief and Rehabilitation International, Inc.'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 Bethany Relief and Rehabilitation International, Inc.'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.

A handwritten signature in blue ink, consisting of the letters 'HBC' in a stylized, cursive font.

HBC Certified Public Accountants

Abingdon, VA

March 8, 2024

Bethany Relief and Rehabilitation International, Inc.
 Abingdon, Virginia
 Comparative Statements of Financial Position
 At December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | | |
| Available for ministries | \$ 390,339 | \$ 427,704 |
| Held for ministry purposes | 160,485 | 151,859 |
| Investments | 5,703 | 2,005 |
| Accounts Receivable | | - |
| Undeposited Funds | 15,590 | |
| Total Current Assets | <u>572,117</u> | <u>581,568</u> |
| Noncurrent Assets: | | |
| Intangible cryptocurrency | 43,513 | 40,195 |
| Allowance for Doubtful Accounts | (8,703) | |
| Total Noncurrent Assets | <u>34,810</u> | <u>40,195</u> |
| Total Assets | <u>\$ 606,927</u> | <u>\$ 621,763</u> |
| LIABILITIES & NET ASSETS | | |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 40,369 | \$ 46,801 |
| Accrued Liabilities | - | - |
| Total Liabilities | <u>40,369</u> | <u>46,801</u> |
| NET ASSETS | | |
| Without Donor Restriction | 347,869 | 356,962 |
| With Donor Restriction | 218,689 | 218,000 |
| Total Net Assets | <u>566,558</u> | <u>574,962</u> |
| Total Liabilities & Net Assets | <u>\$ 606,927</u> | <u>\$ 621,763</u> |

The Notes to Financial Statements are an integral part of this statement.

Bethany Relief and Rehabilitation International, Inc.
Abingdon, Virginia
Comparative Statements of Activities
For the Years Ended December 31, 2023 and 2022

| | 2023 | | |
|--|------------------------------|---------------------------|-------------------|
| | Without Donor Restriction | With Donor Restriction | Total |
| SUPPORT & REVENUE | | | |
| Contributions | \$ 552,245 | \$ 630,231 | \$ 1,182,476 |
| Interest income | 5,089 | - | 5,089 |
| Net gain (loss) on investments & cryptocurrency | 7,019 | - | 7,019 |
| Net assets released from restrictions: | | | |
| Satisfaction of purpose restriction | 629,542 | (629,542) | - |
| Total Support & Revenue | <u>1,193,895</u> | <u>689</u> | <u>1,194,584</u> |
| EXPENSES | | | |
| Program, Management & Fundraising | <u>1,202,988</u> | <u>-</u> | <u>1,202,988</u> |
| Total Expenses | <u>1,202,988</u> | <u>-</u> | <u>1,202,988</u> |
| Change in Net Assets | (9,093) | 689 | (8,404) |
| NET ASSETS | | | |
| Beginning of Year | <u>356,962</u> | <u>218,000</u> | <u>574,962</u> |
| End of Year | <u>\$ 347,869</u> | <u>\$ 218,689</u> | <u>\$ 566,558</u> |

The Notes to Financial Statements are an integral part of this statement.

Bethany Relief and Rehabilitation International, Inc.
 Abingdon, Virginia
 Comparative Statements of Activities
 For the Years Ended December 31, 2023 and 2022

| | 2022 | | |
|--|------------------------------|---------------------------|-------------------|
| | Without Donor Restriction | With Donor Restriction | Total |
| SUPPORT & REVENUE | | | |
| Contributions | \$ 521,852 | \$ 567,223 | \$ 1,089,075 |
| Interest income | 1,608 | - | 1,608 |
| Net gain (loss) on investments & cryptocurrency | (30,233) | - | (30,233) |
| Net assets released from restrictions: | | | |
| Satisfaction of purpose restriction | 514,880 | (514,880) | - |
| Total Support & Revenue | <u>1,008,107</u> | <u>52,343</u> | <u>1,060,450</u> |
| EXPENSES | | | |
| Program, Management & Fundraising | <u>1,001,463</u> | - | <u>1,001,463</u> |
| Total Expenses | <u>1,001,463</u> | - | <u>1,001,463</u> |
| Change in Net Assets | 6,644 | 52,343 | 58,987 |
| NET ASSETS | | | |
| Beginning of Year | <u>350,318</u> | <u>165,657</u> | <u>515,975</u> |
| End of Year | <u>\$ 356,962</u> | <u>\$ 218,000</u> | <u>\$ 574,962</u> |

The Notes to Financial Statements are an integral part of this statement.

Bethany Relief and Rehabilitation International, Inc.
 Abingdon, Virginia
 Comparative Statements of Functional Expenses
 For the Years Ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|---------------------|---------------------|
| PROGRAM | | |
| Medical programs | \$ 903,032 | \$ 737,128 |
| Salaries and wages | 142,248 | 126,395 |
| Advertising & donation expenses | 10,037 | 22,908 |
| Total Program | <u>1,055,317</u> | <u>886,431</u> |
| MANAGEMENT & GENERAL | | |
| Salaries and wages | 42,137 | 33,689 |
| Professional Fees | 8,000 | 7,500 |
| Office expense | 3,751 | 4,208 |
| Meals | 30 | 63 |
| Board expense | 9,060 | 3,853 |
| Bad Debt Expense | 8,702 | - |
| Miscellaneous | 4,795 | 4,888 |
| Total Management & General | <u>76,475</u> | <u>54,201</u> |
| FUNDRAISING | | |
| Salaries and wages | 69,800 | 59,969 |
| Travel | 531 | 46 |
| Office expense | 865 | 816 |
| Total Fundraising | <u>71,196</u> | <u>60,831</u> |
| Total Expenses | <u>\$ 1,202,988</u> | <u>\$ 1,001,463</u> |

The Notes to Financial Statements are an integral part of this statement.

Bethany Relief and Rehabilitation International, Inc.
Abingdon, Virginia
Comparative Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | \$ (8,404) | \$ 58,987 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Changes in operating assets and liabilities: | | |
| Accounts Receivable | - | 36,028 |
| Allowance for Doubtful Accounts | 8,702 | - |
| Accounts Payable | (6,429) | 5,565 |
| Undeposited Funds | (15,589) | |
| Accrued Liabilities | - | (3,063) |
| | <u>(21,720)</u> | <u>97,517</u> |
| Net cash provided (used) by operating activities | <u>(21,720)</u> | <u>97,517</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment (gains) losses | (3,698) | 54 |
| Cryptocurrency (gains) losses | (3,321) | 2,117 |
| | <u>(7,019)</u> | <u>2,171</u> |
| Net cash provided (used) by investing activities | <u>(7,019)</u> | <u>2,171</u> |
| Net change in cash and cash equivalents | (28,739) | 99,688 |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of Year | <u>579,563</u> | <u>479,875</u> |
| End of Year | <u>\$ 550,824</u> | <u>\$ 579,563</u> |
| OTHER DISCLOSURES | | |
| Interest Paid | <u>\$ -</u> | <u>\$ -</u> |

The Notes to Financial Statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Bethany Relief and Rehabilitation International, Inc. (“the Organization”) is a nonprofit corporation designed as a compassionate Christian mission transforming the lives of African children with surgical conditions and disabilities through pediatric surgery, rehabilitation, public education, spiritual ministry, and training health professionals. The Organization has several joint venture ministry agreements, memorandums of understanding, and an agreement with the International Board to accomplish its designated purpose.

Basis of Accounting

The Organization uses the accrual method of accounting for financial reporting. Under this method, revenues and expenses are reflected in the accounts in the period in which they are considered to have been earned or incurred.

Cash & Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. At December 31, 2023 and 2022, \$304,508 and \$303,040, respectively, were in excess of FDIC coverage.

Advertising Costs

Advertising costs are expensed as incurred. Costs included in Program expenses were \$3,760 and \$4,894 for the years ended December 31, 2023 and 2022, respectively.

Contributions

Contributions are recognized when a donor makes an unconditional promise to give. Conditional promises are recognized when all conditions are substantially met. Contributions may have donor restrictions for how or when to use the funds. Contributions with donor restrictions are reported as revenue with donor restriction and net assets with donor restriction. When the Organization satisfies all restrictions, it reports net assets released from restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Service and Materials

In-kind income and expense is only recognized for property, rent, and professional services. The Organization did not recognize in-kind income or expense for 2023 or 2022. The Organization is gifted free use of office space in Kijabe, Kenya under a cancelable operating lease with forty-year term. There are no required lease payments. This lease is not reported as in-kind revenue because the fair value is immaterial due to its location. The Organization is gifted surgical services by trained surgeons in Niger and Kenya. The services are not reported as in-kind revenue because the expenses incurred by the organization offset the revenue.

Allowance for Doubtful Accounts

Allowance for Doubtful Accounts reduces accounts receivable by an amount the organization believes to be noncollectable. The company believes that of their cryptocurrency, only 80% will be able to be received. As of December 31, 2023 and 2022, \$8,702 and zero, respectively were believed to be unrecoverable.

Financial Statement Presentation

Bethany Relief and Rehabilitation International, Inc.'s financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Codification 958-205. Net assets of the Organization are reported based on the existence of donor- or grantor-imposed restrictions. The following classifications are used to report the net assets of Bethany Relief and Rehabilitation International, Inc.

Net assets with donor restrictions – The part of the net assets limited by donor- or grantor-imposed restrictions. Time restrictions expire by the passage of time. Purpose restrictions are fulfilled by expending funds for the purpose. Net assets are released from restriction when all imposed restrictions are met.

Net assets without donor restrictions – The part of net assets that does not have donor- or grantor-imposed restrictions.

The Organization reports grants of cash and other assets as net assets with donor restriction if they are received with grantor stipulations that limit the use of the grant asset. When the grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

principles requires management of the Organization to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment and intangibles; valuation allowances for receivables and inventories; and assets and obligations related to employee benefits. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncements

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which will require financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. This standard is effective for the year ending December 31, 2023. The organization has no financial assets measured at an amortized cost basis.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct any unrelated business activities. No provision for income taxes has been provided due to the Organization's tax exempt status.

NOTE 2 – LIQUIDITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Organization's financial assets as of December 31, 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

| | |
|---|-------------------|
| Cash and cash equivalents | \$ 550,824 |
| Investments | 5,703 |
| Undeposited Funds | 15,590 |
| Cryptocurrency | 43,513 |
| Allowance for Doubtful Accounts | <u>\$ (8,702)</u> |
| Total financial assets available to meet cash needs for general expenditures within one year | <u>\$ 606,928</u> |

NOTE 3 – RESTRICTED NET ASSETS

Net assets with donor restriction are for specific program expenses. Purpose-restricted net assets were \$218,689 and \$218,000 for the years ended December 31, 2023 and 2022, respectively.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

AIC Kijabe Hospital, an affiliate of the Organization, entered arbitration in 2019 with Italbuild Imports Limited in Kenya with respect to construction and completion of a new pediatrics wing of the Hospital. In September 2021, arbitration awarded approximately \$500,000 to Italbuild. The Organization challenged the award in court. The Organization was not named in the suit; however, it financed the construction, engaged the contractor, and worked closest with them. Therefore, the Organization handled the court case and paid a settlement amount of \$134,300 in 2023.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated as of March 8, 2024, which is the date the financial statements were available to be issued. There have been no recognized or unrecognized events.

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments under FASB Codification 825-10, *Disclosures About Fair Value of Financial Instruments*, as amended by FASB Codification 820-10, are determined based on relevant market information. These estimates involve uncertainty and cannot be determined with precision. The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

The carrying amounts of cash, receivables, accrued liabilities, and payables on the statement of financial position approximate fair value due to the short-term nature of these items. Investments and cryptocurrency are carried at fair value in active markets for identical assets (Level 1).

FASB Codification 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB Codification 820-10 also establishes a fair value hierarchy which requires the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS

- Level 1 Quoted prices in active markets for identical assets or liabilities that the reporting 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 assets or liabilities, either directly or indirectly through corroboration with observable market data. Level 2 inputs include (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in markets that are not active, (c) inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates), and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Unobservable inputs used to measure fair value to the extent that observable inputs are not available and that are supported by little or no market activity for the asset or liability at the measurement date.