



Annual Report to the Board
PAN-AFRICAN ACADEMY OF CHRISTIAN
SURGEONS

Financial Statements
With Independent Auditor's Report

June 30, 2025 and 2024

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses - Year Ended June 30, 2025	5
Statement of Functional Expenses - Year Ended June 30, 2024	6
Statements of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pan-African Academy of Christian Surgeons
Palatine, Illinois

Opinion

We have audited the accompanying financial statements of Pan-African Academy of Christian Surgeons, which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Pan-African Academy of Christian Surgeons as of June 30, 2025 and 2024, 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 Audits of the Financial Statements section of our report. We are required to be independent of Pan-African Academy of Christian Surgeons 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 these 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 Pan-African Academy of Christian Surgeons' 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 Audits 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 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 Pan-African Academy of Christian Surgeons' 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 Pan-African Academy of Christian Surgeons' 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.

Capin Crouse LLC

Indianapolis, Indiana
October 8, 2025

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Statements of Financial Position

	June 30,	
	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 609,478	\$ 587,802
Restricted cash for endowment	10,000	221,050
Cash, cash equivalents, and restricted cash	619,478	808,852
Investments	9,201,632	6,459,217
Accounts receivable	35,402	10,267
Prepaid expenses and other assets	3,859	22,130
Endowment investments	2,197,788	1,296,064
Total Assets	\$ 12,058,159	\$ 8,596,530
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 51,050	\$ 48,363
Accrued expenses	50,584	48,150
Total liabilities	101,634	96,513
Net assets:		
Without donor restrictions	7,658,003	5,008,569
With donor restrictions	4,298,522	3,491,448
Total net assets	11,956,525	8,500,017
Total Liabilities and Net Assets	\$ 12,058,159	\$ 8,596,530

See notes to financial statements

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Statements of Activities

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 3,903,560	\$ 2,124,106	\$ 6,027,666	\$ 2,874,512	\$ 1,452,701	\$ 4,327,213
Contributed non-financial assets	2,450,370	-	2,450,370	2,274,606	-	2,274,606
Investment income, net	492,415	165,674	658,089	309,745	127,049	436,794
Other income	145,986	-	145,986	78,528	-	78,528
Total Support and Revenue	<u>6,992,331</u>	<u>2,289,780</u>	<u>9,282,111</u>	<u>5,537,391</u>	<u>1,579,750</u>	<u>7,117,141</u>
RECLASSIFICATIONS:						
Net assets released from satisfaction of restrictions	<u>1,482,706</u>	<u>(1,482,706)</u>	<u>-</u>	<u>1,896,730</u>	<u>(1,896,730)</u>	<u>-</u>
EXPENSES:						
Program services	4,899,695	-	4,899,695	5,948,369	-	5,948,369
General and administrative	415,035	-	415,035	543,321	-	543,321
Fundraising	510,873	-	510,873	575,664	-	575,664
Total Expenses	<u>5,825,603</u>	<u>-</u>	<u>5,825,603</u>	<u>7,067,354</u>	<u>-</u>	<u>7,067,354</u>
Change in Net Assets	<u>2,649,434</u>	<u>807,074</u>	<u>3,456,508</u>	<u>366,767</u>	<u>(316,980)</u>	<u>49,787</u>
Net Assets, Beginning of Year	<u>5,008,569</u>	<u>3,491,448</u>	<u>8,500,017</u>	<u>4,641,802</u>	<u>3,808,428</u>	<u>8,450,230</u>
Net Assets, End of Year	<u>\$ 7,658,003</u>	<u>\$ 4,298,522</u>	<u>\$ 11,956,525</u>	<u>\$ 5,008,569</u>	<u>\$ 3,491,448</u>	<u>\$ 8,500,017</u>

See notes to financial statements

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising	
Medical training and education services	\$ 2,450,370	\$ -	\$ -	\$ 2,450,370
Contributions to other nonprofit organizations	1,244,049	-	-	1,244,049
Salaries and benefits	638,860	248,090	385,574	1,272,524
Travel	353,604	46,830	30,048	430,482
Professional fees	14,706	95,001	41,206	150,913
Supplies, postage, and office expenses	48,221	7,627	44,918	100,766
Information technology	50,589	12,413	7,938	70,940
Other	99,296	5,074	1,189	105,559
	<u>\$ 4,899,695</u>	<u>\$ 415,035</u>	<u>\$ 510,873</u>	<u>\$ 5,825,603</u>

See notes to financial statements

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising	
Contributions to other nonprofit organizations	\$ 2,422,951	\$ -	\$ -	\$ 2,422,951
Medical training and education services	2,274,606	-	-	2,274,606
Salaries and benefits	540,452	354,344	396,550	1,291,346
Travel	305,477	46,722	44,489	396,688
Professional fees	190,315	93,721	32,668	316,704
Supplies, postage, and office expenses	44,077	25,821	86,223	156,121
Information technology	55,168	15,491	4,643	75,302
Other	115,323	7,222	11,091	133,636
	<u>\$ 5,948,369</u>	<u>\$ 543,321</u>	<u>\$ 575,664</u>	<u>\$ 7,067,354</u>

See notes to financial statements

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,456,508	\$ 49,787
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Contributions received for long-term investment in endowment	(515,000)	(192,400)
Net realized and unrealized gain on investments	(336,831)	(319,860)
Reinvested interest and dividends	(321,258)	(116,934)
Changes in operating assets and liabilities:		
Accounts receivable	(25,135)	358
Prepaid expenses and other assets	18,271	23,354
Accounts payable	2,687	(125,125)
Accrued expenses	2,434	16,096
Net Cash Provided (Used) by Operating Activities	<u>2,281,676</u>	<u>(664,724)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(3,073,237)	(2,804,656)
Proceeds from sale of investments	87,187	104,656
Net Cash Used in Investing Activities	<u>(2,986,050)</u>	<u>(2,700,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for long-term investment in endowment	515,000	192,400
Net Cash Provided by Financing Activities	<u>515,000</u>	<u>192,400</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	(189,374)	(3,172,324)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>808,852</u>	<u>3,981,176</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u><u>\$ 619,478</u></u>	<u><u>\$ 808,852</u></u>

See notes to financial statements

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2025 and 2024

1. NATURE OF ORGANIZATION:

Pan-African Academy of Christian Surgeons (PAACS) is a not-for-profit organization described in Section 501(c)(3) of the Internal Revenue Code (Code) and recognized by the IRS as a publicly supported organization that is not a private foundation as described in Section 509(a)(2) of the Code. As such, it is exempt from federal and state income tax, and contributions by the public are deductible for income tax purposes. PAACS was incorporated on July 29, 2019, under the laws of the state of Illinois. PAACS's primary source of revenue is contributions from donors and contributed non-financial assets.

PAACS is a non-denominational, multinational service organization that trains African physicians to become surgeons, anesthesiologists, and obstetrician/gynecologists who are willing to remain in the under-resourced areas of Africa. The surgical and spiritual training of these residents is offered at several well-established mission hospitals in Africa, under the direction of experienced, board-certified missionary surgeons and related specialists.

The mission of PAACS is to glorify God by training African surgeons and related specialists to become Christ-like leaders and servants providing excellent and compassionate care to those most in need. PAACS envisions a growing number of African surgeons and related specialists living out the gospel and ministering to the sick. The mission and vision of PAACS is accomplished by facilitating surgical residency programs in mission hospitals in Africa. Both long and short-term missionary surgeons and related specialists provide the training of these surgical residents and related specialists.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

Cash and cash equivalents include cash, checking, savings, and money market accounts as well as highly liquid investments with original maturity dates of less than three months, except for money market mutual funds held as part of its investment portfolio, which PAACS includes within investments as part of its overall investment portfolio strategy and cash equivalents pending reinvestment in accordance with its investment strategy. These accounts may at times exceed federally insured limits. The uninsured amount as of June 30, 2025 and 2024, was approximately \$316,000 and \$559,000, respectively.

Restricted cash includes cash held at fiscal years ended June 30, 2025 and 2024, for endowment purposes.

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS AND ENDOWMENT INVESTMENTS

Investments in mutual funds, exchange-traded funds, and treasury bills are reported at fair values with gains and losses included in the statements of activities within investment income. Cash and cash equivalents are reported at cost.

ACCOUNTS RECEIVABLE

The Organization's accounts receivable consist of conference costs to be paid by conference participants that are a part of PAACS. These are expected to be paid fully; thus, the Organization has not recorded an allowance for credit losses as of June 30, 2025 and 2024, and July 1, 2023.

Estimated allowances for credit losses on these accounts receivable are maintained at levels that, in the judgment of management, are adequate to meet the present and potential future risks of uncollectible receivable balances. Management's judgment is based on prior write-offs and scrutiny of individual accounts receivable.

NET ASSETS

The financial statements report amounts by classification of net assets:

- *Net assets without donor restrictions* are currently available for purposes under the direction of management or are designated by the board for specific use.
- *Net assets with donor restrictions* are contributed with donor stipulations for specific operating purposes or programs, time restrictions, or not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased. Some contributions with donor restrictions are required to be held in perpetuity related to the endowment (see Note 7).

SUPPORT AND REVENUE

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to PAACS. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

PAACS reports gifts of cash and other assets as with donor restrictions support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated gifts (including investments) are recorded at fair value at the date of the gift.

Other income is recognized as revenue when earned.

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

Contributed non-financial assets consist of donated services and various other contributed non-financial assets given for fundraising activities. Donated services and contributed non-financial assets were \$2,450,370 and \$2,274,606 for the years ended June 30, 2025 and 2024, respectively. Donated services are recognized for those services that require specialized skills and would typically need to be purchased if not donated. In connection with overseas short-term surgical training, PAACS receives skilled donated services including surgical training, conducting rounds, and additional instructions. These are recognized as support and expense. The services are valued based on salary rates as determined by using a medical profession compensation survey. Other contributed non-financial assets donated to PAACS are valued at an estimated fair market value. See further disclosures in Note 8.

EXPENSES, ADVERTISING AND JOINT COSTS

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of PAACS have been summarized on a functional basis with natural classifications in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of PAACS. These expenses include professional fees, information technology, and office expenses. Costs of other categories were allocated on estimates of time and effort. There were no joint costs for the years ended June 30, 2025 and 2024. PAACS had approximately \$1,000 and \$-0- in advertising expense for the years ended June 30, 2025 and 2024, respectively.

FOREIGN OPERATIONS

PAACS's operations are located in Africa. As of June 30, 2025 and 2024, no assets or liabilities were held and related to activities in Africa. PAACS had no transactions during the year other than in U.S. Dollars.

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2025 and 2024

3. LIQUIDITY:

The following reflects PAACS financial assets available to meet cash needs for general expenditures within one year.

	June 30,	
	2025	2024
Financial assets:		
Cash, cash equivalents, and restricted cash	\$ 619,478	\$ 808,852
Investments	9,201,632	6,459,217
Accounts receivable	35,402	10,267
Endowment investments	2,197,788	1,296,064
Financial assets, at year end	<u>12,054,300</u>	<u>8,574,400</u>
Less those unavailable for general expenditures within one year:		
Net assets with donor restrictions	(2,090,734)	(1,974,334)
Endowment funds	(2,207,788)	(1,517,114)
	<u>(4,298,522)</u>	<u>(3,491,448)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,755,778</u>	<u>\$ 5,082,952</u>

PAACS is substantially supported by contributions, some of which are donor restricted. Because a donor's restriction requires resources to be used in a particular manner or in a future period, PAACS must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of its liquidity management, PAACS has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2025 and 2024

4. INVESTMENTS AND ENDOWMENT INVESTMENTS:

Investments and endowment investments consist of the following:

	June 30, 2025			
	Fair Value	Level 1	Level 2	Level 3
Investments held at fair value:				
Mutual funds	\$ 4,586,495	\$ 4,586,495	\$ -	\$ -
Money market mutual funds	5,429,029	5,429,029	-	-
Exchange-traded funds	1,224,365	1,224,365	-	-
Treasury bills	24,981	-	24,981	-
Total investments held at fair value	11,264,870	\$ 11,239,889	\$ 24,981	\$ -

Investments other than at fair value (at cost):

Cash and cash equivalents	134,550
	<u>\$ 11,399,420</u>

	June 30, 2024			
	Fair Value	Level 1	Level 2	Level 3
Investments held at fair value:				
Mutual funds	\$ 3,953,891	\$ 3,953,891	\$ -	\$ -
Money market mutual funds	51,667	51,667	-	-
Exchange-traded funds	818,253	818,253	-	-
Treasury bills	73,871	-	73,871	-
Total investments held at fair value	4,897,682	\$ 4,823,811	\$ 73,871	\$ -

Investments other than at fair value (at cost):

Cash and cash equivalents	2,857,599
	<u>\$ 7,755,281</u>

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2025 and 2024

4. INVESTMENTS AND ENDOWMENT INVESTMENTS, continued:

The *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. PAACS uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, PAACS measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Level 1 Fair Value Measurements

The fair values of mutual funds and exchange-traded funds are based on quoted market prices.

Level 2 Fair Value Measurements

The fair value of U.S. Treasury bills is based on observable inputs other than the quoted prices included in Level 1 and thus are based on yields for securities of comparable maturity, quality, and type as obtained from market makers.

Investments and endowment investments consist of the following:

	June 30,	
	2025	2024
Investments- operating	\$ 9,201,632	\$ 6,459,217
Endowment investments	2,197,788	1,296,064
	<u>\$ 11,399,420</u>	<u>\$ 7,755,281</u>

Investment income, net, consists of the following:

	Year Ended June 30,	
	2025	2024
Interest and dividends	\$ 321,258	\$ 116,934
Realized gain on investments	61,560	47,512
Unrealized gain on investments	275,271	272,348
	<u>\$ 658,089</u>	<u>\$ 436,794</u>

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2025 and 2024

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	June 30,	
	2025	2024
Subject to expenditure for specified purpose or period:		
Surgical programs	\$ 1,768,965	\$ 1,505,247
Unappropriated endowment earnings	448,988	283,314
Global surgical training	213,251	349,041
Logos program	28,899	38,916
Faculty programs	20,000	20,000
Other	59,619	61,130
	<u>2,539,722</u>	<u>2,257,648</u>
 Endowment subject to PAACS's spending policy and appropriation	 <u>1,758,800</u>	 <u>1,233,800</u>
	<u><u>\$ 4,298,522</u></u>	<u><u>\$ 3,491,448</u></u>

6. EMPLOYEE BENEFITS:

RETIREMENT PLAN

Beginning January 1, 2024, PAACS began participating in a retirement plan through American Funds. Under the plan, all employees who have been employed by PAACS for at least one year and work at least 20 hours per week are eligible to participate. Employees are eligible to make contributions to the plan by way of a salary reduction agreement with a maximum total contribution to a participant's account based upon the current provisions of the Code. Employees are also eligible for an employer match for each percent they contribute, up to 5%. For the time period July 1, 2023, through December 31, 2023, PAACS participated in a retirement plan administered through its professional employer organization. Eligible employees received an employer contribution of 5% of employee compensation, regardless of the employee's contribution. Employer contributions to the plan for the years ended June 30, 2025 and 2024, were approximately \$35,300 and \$29,900, respectively.

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2025 and 2024

6. EMPLOYEE BENEFITS, continued:

MEDICAL PLAN

PAACS offers medical benefits to all qualified full-time employees and their dependents. Under the Plan, employees can pay the deductible with funds from the HSA. PAACS partially funded the HSA to help with the annual deductible amount. The employees may contribute the remainder of the annual allowed amount to the HSA, if they choose. The Plan pays a portion of the employee's covered charges after the deductible has been met with a maximum out-of-pocket amount, as defined by the employer. As of June 30, 2025 and 2024, PAACS paid medical premiums of approximately \$53,200 and \$54,200, and HSA contributions of approximately \$5,200 and \$5,000, all respectively.

7. ENDOWMENTS:

PAACS's endowment consists of four individual funds established for a variety of purposes. These endowments are donor donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The board of trustees of PAACS has interpreted 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, PAACS classifies as with donor-restricted net assets (a) the original value of gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts to the endowment in perpetuity, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as with donor-restrictions net assets until those amounts are appropriated for expenditure by PAACS in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, PAACS 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 PAACS 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 PAACS
7. The investment policies of PAACS

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2025 and 2024

7. ENDOWMENTS, continued:

Endowment net assets are composed of the following:

	June 30,	
	2025	2024
Donor-restricted amounts required to be maintained in perpetuity	\$ 1,758,800	\$ 1,233,800
Accumulated investment gains on donor-restricted endowments	448,988	283,314
	<u>\$ 2,207,788</u>	<u>\$ 1,517,114</u>

Changes in endowment net assets consist of the following for the year ended June 30, 2025:

	With Donor Restrictions		
	Accumulated Gains	Original Gift Amount in Perpetuity	Total
Beginning balance, July 1, 2024	\$ 283,314	\$ 1,233,800	\$ 1,517,114
Investment return:			
Interest and dividend income	64,207	-	64,207
Realized and unrealized gain	101,467	-	101,467
	<u>165,674</u>	<u>-</u>	<u>165,674</u>
Contributions	-	525,000	525,000
Endowment net assets, June 30, 2025	<u>\$ 448,988</u>	<u>\$ 1,758,800</u>	<u>\$ 2,207,788</u>

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2025 and 2024

7. ENDOWMENTS, continued:

Changes in endowment net assets consist of the following for the year ended June 30, 2024:

	With Donor Restrictions		
	Accumulated Gains and Other	Original Gift Amount in Perpetuity	Total
Beginning balance, July 1, 2023	\$ 156,265	\$ 1,041,400	\$ 1,197,665
Investment return:			
Interest and dividend income	36,683	-	36,683
Realized and unrealized gain	90,366	-	90,366
	127,049	-	127,049
Contributions	-	192,400	192,400
Endowment net assets, June 30, 2024	\$ 283,314	\$ 1,233,800	\$ 1,517,114

Funds with Deficiencies—From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires PAACS to retain as a fund of perpetual duration. No funds were underwater as of June 30, 2025 and 2024.

Return Objectives and Risk Parameters—PAACS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that PAACS must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to produce an inflation adjusted income stream to grow the corpus above the inflation rate. PAACS expects its endowment funds, over time, to provide an average rate of return of approximately 5% to 7% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives—To satisfy its long-term rate-of-return objectives, PAACS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). PAACS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2025 and 2024

7. ENDOWMENTS, continued:

Spending Policy and How the Investment Objectives Related to Spending Policy—PAACS’s donor-restricted endowments are used to fund the training of residents in PAACS surgical training programs in specified areas of Africa. There are endowments established to start a program in Togo, to fund general surgical training, and to fund orthopedic surgical training. These endowments are permanent in nature and only allow for the use of the net earnings, gains, and losses to meet their purpose. The primary investment objective for the endowment is to preserve purchasing power of endowment assets in perpetuity and achieve investment returns sufficient to sustain the level of spending necessary to fulfill the purpose of the endowment.

8. CONTRIBUTED NON-FINANCIAL ASSETS:

PAACS receives skilled donated services including surgical training, conducting rounds, and additional instructions. The value of these donated services is determined by research on the salaries of the positions donated. PAACS conservatively uses the midpoint between the 25th percentile and the 50th percentile of the salaries. The number of days and hours worked and thus donated is tracked by each individual and is provided to management. As volunteers spend a portion of time performing surgery and the remaining portion of time training and educating residents, PAACS has estimated approximately 52% of the total time spent onsite as donated services. These donated services help further PAACS's mission through training of African physicians to serve in under-resourced areas of Africa. The largest portion of donated services relates to surgeons while also including other medical specialties as described in Note 1.

Additionally, in the year ended June 30, 2024, PAACS held a fundraising concert. All expenses were paid for by a donor. Therefore, these fees were recorded as contributed non-financial assets and expense in the year ended June 30, 2024.

The table below shows the breakdown of contributed non-financial assets.

	Hourly Midpoint Compensation	Number of Hours	Total
Positions during year ended June 30, 2025:			
General surgeons	\$185	2,786	\$ 516,210
Specialty surgeons			
medical specialists	\$209	9,254	1,934,160
Total medical training and education services		12,040	2,450,370
			<u>\$ 2,450,370</u>

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2025 and 2024

8. CONTRIBUTED NON-FINANCIAL ASSETS, continued:

	Hourly Midpoint Compensation	Number of Hours	Total
Positions during year ended June 30, 2024:			
General surgeons	\$193	3,397	\$ 656,171
Specialty surgeons			
medical specialists	\$206	7,578	1,558,519
Total medical training and education services		10,975	2,214,690
Other professional services			59,916
			<u>\$ 2,274,606</u>

9. RELATED PARTY TRANSACTIONS:

Contributions to PAACS by members of the board totaled approximately \$360,600 and \$258,100 for the years ended June 30, 2025 and 2024, respectively.

Donated services to PAACS by members of the board totaled approximately \$149,500 and \$159,100 for the years ended June 30, 2025 and 2024, respectively.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 8, 2025, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.