



PAN-AFRICAN ACADEMY OF CHRISTIAN
SURGEONS

Financial Statements
With Independent Auditors' Report

June 30, 2023 and 2022

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

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INDEPENDENT AUDITORS' 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, 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 Pan-African Academy of Christian Surgeons as of June 30, 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 Auditors' Responsibilities for the Audit 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.

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

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 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 LLP

Indianapolis, Indiana
November 13, 2023

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Statements of Financial Position

	June 30,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 3,981,176	\$ 4,307,624
Investments	3,449,472	1,692,385
Grant and other receivables	10,625	19,209
Advances	142,199	138,582
Prepaid expenses and other assets	45,484	43,872
Endowment investments	1,169,015	1,147,560
Total Assets	\$ 8,797,971	\$ 7,349,232
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 173,488	\$ 170,979
Accrued expenses	32,054	43,712
Total liabilities	205,542	214,691
Net assets:		
Without donor restrictions	4,784,001	4,166,617
With donor restrictions	3,808,428	2,967,924
Total net assets	8,592,429	7,134,541
Total Liabilities and Net Assets	\$ 8,797,971	\$ 7,349,232

See notes to financial statements

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Statements of Activities

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 2,151,301	\$ 1,456,492	\$ 3,607,793	\$ 2,395,893	\$ 1,176,637	\$ 3,572,530
Contributed services and nonfinancial assets	1,916,795	-	1,916,795	900,389	-	900,389
Grant income	-	820,658	820,658	6,870	403,148	410,018
Investment income (loss), net	268,630	83,020	351,650	(258,915)	(129,606)	(388,521)
Other income	28,171	-	28,171	17,047	-	17,047
Total Support and Revenue	4,364,897	2,360,170	6,725,067	3,061,284	1,450,179	4,511,463
RECLASSIFICATIONS:						
Net assets released from satisfaction of restrictions	1,519,666	(1,519,666)	-	1,114,627	(1,114,627)	-
EXPENSES:						
Program services	4,432,144	-	4,432,144	2,876,372	-	2,876,372
General and administrative	455,619	-	455,619	417,143	-	417,143
Fundraising	379,416	-	379,416	378,036	-	378,036
Total Expenses	5,267,179	-	5,267,179	3,671,551	-	3,671,551
Change in Net Assets	617,384	840,504	1,457,888	504,360	335,552	839,912
Net Assets, Beginning of Year	4,166,617	2,967,924	7,134,541	3,662,257	2,632,372	6,294,629
Net Assets, End of Year	<u>\$ 4,784,001</u>	<u>\$ 3,808,428</u>	<u>\$ 8,592,429</u>	<u>\$ 4,166,617</u>	<u>\$ 2,967,924</u>	<u>\$ 7,134,541</u>

See notes to financial statements

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Statement of Functional Expenses

Year Ended June 30, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Donated services	\$ 1,910,285	\$ -	\$ -	\$ 1,910,285
Salaries and benefits	448,902	281,037	287,369	1,017,308
Stipends for residents	950,673	-	-	950,673
Professional fees	502,907	57,842	12,801	573,550
Travel	305,301	17,619	24,550	347,470
Information technology	116,144	13,932	6,054	136,130
Office expenses	43,847	44,031	34,747	122,625
Other	154,085	41,158	13,895	209,138
	<u>\$ 4,432,144</u>	<u>\$ 455,619</u>	<u>\$ 379,416</u>	<u>\$ 5,267,179</u>

See notes to financial statements

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Statement of Functional Expenses

Year Ended June 30, 2022

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 430,376	\$ 275,753	\$ 262,936	\$ 969,065
Donated services	838,051	-	-	838,051
Stipends for residents	793,350	-	-	793,350
Professional fees	378,773	59,656	12,307	450,736
Travel	203,660	7,317	10,511	221,488
Information technology	99,633	10,938	5,245	115,816
Office expenses	20,116	39,929	32,346	92,391
Other	112,413	23,550	54,691	190,654
	<u>\$ 2,876,372</u>	<u>\$ 417,143</u>	<u>\$ 378,036</u>	<u>\$ 3,671,551</u>

See notes to financial statements

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,457,888	\$ 839,912
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Contributions restricted for long-term investment in endowment	(129,400)	(65,470)
Net realized and unrealized (gain) loss on investments	(351,650)	447,031
Changes in operating assets and liabilities:		
Grant and other receivables	8,584	21,976
Advances	(3,617)	(61,717)
Prepaid expenses and other assets	(1,612)	390
Accounts payable	2,509	92,938
Accrued expenses	(11,658)	11,194
Net Cash Provided by Operating Activities	971,044	1,286,254
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,427,576)	(100,978)
Proceeds from sale of investments	684	42,468
Net Cash Used by Investing Activities	(1,426,892)	(58,510)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term investment in endowment	129,400	65,470
Net Cash Provided by Financing Activities	129,400	65,470
Net Change in Cash and Cash Equivalents	(326,448)	1,293,214
Cash and Cash Equivalents, Beginning of Year	4,307,624	3,014,410
Cash and Cash Equivalents, End of Year	\$ 3,981,176	\$ 4,307,624

See notes to financial statements

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2023 and 2022

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 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. PAACS also discipled these residents to share the love and gospel of Jesus Christ with their patients. 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 and discipling 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 along with a spiritual curriculum at mission hospitals in Africa. Both long and short-term missionary surgeons and related specialists provide the training and discipling 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 AND CASH EQUIVALENTS

Cash and cash equivalents include cash, checking, savings, and money market accounts as well as highly liquid investments with maturity dates of less than three months. These accounts may at times exceed federally insured limits. The uninsured amount as of June 30, 2023 and 2022, was approximately \$3,705,000 and \$4,034,000, respectively.

INVESTMENTS

Investments in cash, money market funds, mutual funds, all equity securities with readily determinable fair values, and all debt and governmental securities are reported at fair value with gains and losses included in the statements of activities. Other investments are reported at cost.

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVANCES

Advances consist of payments sent to the program directors in Africa and are used to support the program operations. This money is able to be used at the discretion of the program directors, and any unused money is subject to being returned to PAACS.

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 the board 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 8).

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, with donor restrictions net assets are reclassified to without donor restrictions net assets 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.

Contributed nonfinancial assets consist of donated services and various other gift-in-kind given for fundraising activities. Donated services and gift-in-kind for fundraising activities are \$1,916,795 and \$900,389 for the years ended June 30, 2023 and 2022, 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 gift-in-kind given to PAACS are valued at an estimated fair market value. See further disclosures in Note 9.

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONCENTRATION OF CREDIT RISK

One grantor accounted for 100% and 98% of all grant revenue received in the years ended June 30, 2023 and 2022, respectively.

EXPENSES

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, 2023 and 2022. PAACS had approximately \$1,045 and \$-0- in advertising expense for the years ended June 30, 2023 and 2022, respectively.

FOREIGN OPERATIONS

PAACS's operations are located in Africa. All account balances relating to foreign operations are reflected in the financial statements in United States dollars. As of June 30, 2023 and 2022, assets held in Africa, consisting of advances, totaled \$127,661 and \$113,460, respectively. As of June 30, 2023 and 2022, there are no liabilities related to activities in Africa.

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2023 and 2022

3. LIQUIDITY:

Because donor restrictions require 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 PAACS'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.

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

	June 30,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 3,981,176	\$ 4,307,624
Investments	3,449,472	1,692,385
Grant and other receivables	10,625	19,209
Endowment investments	1,169,015	1,147,560
Financial assets, at year end	<u>8,610,288</u>	<u>7,166,778</u>
Less those unavailable for general expenditures within one year:		
Net assets with donor restrictions	(1,531,822)	(1,269,433)
Endowment funds	(1,197,665)	(985,245)
	<u>(2,729,487)</u>	<u>(2,254,678)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,880,801</u>	<u>\$ 4,912,100</u>

PAACS is substantially supported by contributions, some of which are 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. Net assets with donor restrictions of \$1,078,941 and \$713,246 as of June 30, 2023 and 2022, respectively, are included in financial assets available to meet cash needs (above) because they represent resources available for operational 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, 2023 and 2022

4. INVESTMENTS:

Investments consist of the following:

	June 30, 2023		
	Fair Value	Level 1	Level 2
Investments held at fair value:			
Mutual funds:			
Intermediate bonds	\$ 1,625,573	\$ 1,625,573	\$ -
Equity funds	2,474,363	2,474,363	-
Exchange-traded funds:			
Ultrashort bond	218,711	218,711	-
Treasury bills	120,689	-	120,689
	<u>4,439,336</u>	<u>\$ 4,318,647</u>	<u>\$ 120,689</u>
Total investments held at fair value			
Investments other than at fair value:			
Cash and cash equivalents	179,151		
	<u>\$ 4,618,487</u>		
	June 30, 2022		
	Fair Value	Level 1	Level 2
Investments held at fair value:			
Mutual funds:			
Intermediate bonds	\$ 1,143,945	\$ 1,143,945	\$ -
Equity funds	1,397,355	1,397,355	-
Exchange-traded funds:			
Ultrashort bond	181,326	181,326	-
	<u>2,722,626</u>	<u>\$ 2,722,626</u>	<u>\$ -</u>
Total investments held at fair value			
Investments other than at fair value:			
Cash and cash equivalents	117,319		
	<u>\$ 2,839,945</u>		

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2023 and 2022

4. 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. At June 30, 2023 and 2022, all PAACS investments are considered Level 1 investments.

Investments consist of the following:

	June 30,	
	2023	2022
Investments- operating	\$ 3,449,472	\$ 1,692,385
Endowment investments	1,169,015	1,147,560
	<u>\$ 4,618,487</u>	<u>\$ 2,839,945</u>

Investment income (loss), net, consists of the following:

	Year Ended June 30,	
	2023	2022
Interest and dividends	\$ 116,116	\$ 58,510
Realized gain on investments	121,022	158,081
Unrealized gain (loss) on investments	114,512	(605,112)
	<u>\$ 351,650</u>	<u>\$ (388,521)</u>

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2023 and 2022

5. ADVANCES:

The following table represents unexpended funds by the programs:

	June 30,	
	2023	2022
General surgery programs	\$ 127,453	\$ 116,435
Specialty programs	14,746	21,904
Fellowship programs	-	243
	\$ 142,199	\$ 138,582

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	June 30,	
	2023	2022
Subject to expenditure for specified purpose or period:		
Surgical programs	\$ 1,896,879	\$ 1,618,008
Grant funds	581,923	201,200
Unappropriated endowment earnings	156,265	73,245
Logos program	48,734	73,195
Faculty programs	28,295	27,884
Other	54,932	62,392
	2,767,028	2,055,924
Endowment subject to PAACS's spending policy and appropriation	1,041,400	912,000
	\$ 3,808,428	\$ 2,967,924

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2023 and 2022

7. EMPLOYEE BENEFITS:

RETIREMENT PLAN

PAACS participates in a pension plan through its professional employer organization. Under the plan, all eligible employees, defined as employees who have been employed by PAACS for at least one year and work at least 20 hours per week, receive an employer contribution of 5% of employee compensation. Employees are also 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. Employer contributions to the plan for the years ended June 30, 2023 and 2022, were approximately \$32,300 and \$32,400, respectively.

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, 2023 and 2022, PAACS paid medical premiums of approximately \$49,300 and \$48,800, and HSA contributions of approximately \$5,500 and \$7,200, all respectively.

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2023 and 2022

8. ENDOWMENTS:

PAACS's endowment consists of several individual funds established for a variety of purposes. 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.

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

Endowment net assets are composed by the following:

	June 30,	
	2023	2022
Donor-restricted amounts required to be maintained in perpetuity	\$ 1,041,400	\$ 912,000
Accumulated investment gains on donor-restricted endowments	156,265	73,245
	<u>\$ 1,197,665</u>	<u>\$ 985,245</u>

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2023 and 2022

8. ENDOWMENTS, continued:

Changes in endowment net assets consist of the following for the year ended June 30, 2023:

	With Donor Restrictions		Total
	Accumulated Gains and Other	Original Gift Amount in Perpetuity	
Beginning balance, July 1, 2022	\$ 73,245	\$ 912,000	\$ 985,245
Investment return:			
Interest and dividend income	27,152	-	27,152
Realized and unrealized loss	55,868	-	55,868
	83,020	-	83,020
Contributions	-	129,400	129,400
Endowment net assets, June 30, 2023	\$ 156,265	\$ 1,041,400	\$ 1,197,665

Changes in endowment net assets consist of the following for the year ended June 30, 2022:

	With Donor Restrictions		Total
	Accumulated Gains and Other	Original Gift Amount in Perpetuity	
Beginning balance, July 1, 2021	\$ 202,851	\$ 846,530	\$ 1,049,381
Investment return:			
Interest and dividend income	17,681	-	17,681
Realized and unrealized gain	(147,287)	-	(147,287)
	(129,606)	-	(129,606)
Contributions	-	65,470	65,470
Endowment net assets, June 30, 2022	\$ 73,245	\$ 912,000	\$ 985,245

PAN-AFRICAN ACADEMY OF CHRISTIAN SURGEONS

Notes to Financial Statements

June 30, 2023 and 2022

8. ENDOWMENTS, continued:

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. As of June 30, 2022, one fund in the endowment was underwater by \$15,239. No funds were underwater as of June 30, 2023.

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.

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.

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9. CONTRIBUTED NONFINANCIAL 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, 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, for the year ended June 30, 2022, support in the form of entertainment, food, and supply rentals was donated to PAACS for a fundraising concert. These items were valued at the invoice/contract value. The table below shows the breakdown of contributed nonfinancial assets.

	Hourly Midpoint Compensation	Number of Hours	Total
Positions during year ended June 30, 2023:			
Surgeons	\$191	4,684	\$ 893,571
Specialties	\$199	5,121	1,016,714
		9,805	1,910,285
Miscellaneous			6,510
			\$ 1,916,795
Positions during year ended June 30, 2022:			
Surgeons	\$196	3,444	\$ 676,009
Specialties	\$158	884	139,522
Family practice/internal medicine	\$98	229	22,520
		4,557	838,051
Fundraising concert			51,299
Miscellaneous			11,039
			\$ 900,389

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10. RELATED PARTY TRANSACTIONS:

Contributions to PAACS by members of the board totaled approximately \$215,000 and \$278,500 for the years ended June 30, 2023 and 2022, respectively.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 13, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.