

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditor's Report

June 30, 2025 and 2024



CURE INTERNATIONAL, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
CURE International, Inc. and Subsidiaries
Grand Rapids, Michigan

Opinion

We have audited the accompanying consolidated financial statements of CURE International, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CURE International, Inc. and Subsidiaries 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.

Change in Accounting Principle

As more fully described in Note 15 to the consolidated financial statements, CURE International, Inc. and Subsidiaries changed its method of inventory costing. Our opinion is not modified with respect to this matter.

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 Consolidated Financial Statements section of our report. We are required to be independent of CURE International, Inc. and Subsidiaries 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors
CURE International, Inc. and Subsidiaries
Grand Rapids, MI

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 CURE International, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CURE International, Inc. and Subsidiaries' 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

Grand Rapids, Michigan
December 18, 2025

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

	June 30,	
	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 20,343,760	\$ 10,245,056
Insurance and other receivables	979,778	1,095,868
Prepaid expenses and other assets	751,961	652,247
Inventory, net	7,260,493	5,567,112
Contributions receivable - pledges, net	6,749,420	7,427,475
Cash held for board designations	428,353	364,099
Investments held for board designations	2,201,332	2,881,547
Contributions receivable - leases, net	24,601,907	24,950,004
Right-of-use asset	245,007	345,290
Land, buildings, and equipment, net	32,496,591	26,020,724
Total Assets	\$ 96,058,602	\$ 79,549,422
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,995,942	\$ 1,885,424
Refundable advances	842,983	-
Lease liability	260,287	346,110
Total liabilities	4,099,212	2,231,534
Net assets:		
Net assets without donor restrictions	40,868,982	31,083,188
Net assets with donor restrictions	51,090,408	46,234,700
Total net assets	91,959,390	77,317,888
Total Liabilities and Net Assets	\$ 96,058,602	\$ 79,549,422

See notes to consolidated financial statements

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Consolidated Statements of Activities

Years Ended June 30,

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 25,371,568	\$ 25,802,685	\$ 51,174,253	\$ 20,818,632	\$ 27,985,270	\$ 48,803,902
Contributed nonfinancial assets	1,954,947	572,384	2,527,331	1,751,014	578,391	2,329,405
Insurance billing and cost recovery	2,891,018	-	2,891,018	1,928,973	-	1,928,973
Government grants	6,771,510	-	6,771,510	3,039,518	-	3,039,518
Investment income	409,366	-	409,366	732,980	-	732,980
Other income	298,154	-	298,154	406,042	-	406,042
Total revenue and support	37,696,563	26,375,069	64,071,632	28,677,159	28,563,661	57,240,820
NET ASSETS RELEASED FROM:						
Purpose restrictions	16,345,878	(16,345,878)	-	13,050,926	(13,050,926)	-
Time restrictions	5,173,483	(5,173,483)	-	7,563,208	(7,563,208)	-
Total Revenue, Support, and Reclassifications	59,215,924	4,855,708	64,071,632	49,291,293	7,949,527	57,240,820
EXPENSES:						
Program services	39,853,533	-	39,853,533	38,089,042	-	38,089,042
Supporting activities:						
General and administrative	2,953,726	-	2,953,726	2,721,350	-	2,721,350
Fundraising	4,973,221	-	4,973,221	4,573,245	-	4,573,245
Total supporting activities	7,926,947	-	7,926,947	7,294,595	-	7,294,595
Total Expenses	47,780,480	-	47,780,480	45,383,637	-	45,383,637
Change in Net Assets Before Foreign Currency						
Translation Adjustments	11,435,444	4,855,708	16,291,152	3,907,656	7,949,527	11,857,183

(continued)

See notes to consolidated financial statements

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Consolidated Statements of Activities (continued)

	Years Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Foreign Currency Translation Adjustments	(1,649,650)	-	(1,649,650)	(1,726,168)	-	(1,726,168)
Change in Net Assets	9,785,794	4,855,708	14,641,502	2,181,488	7,949,527	10,131,015
Net Assets, Beginning of Year	31,083,188	46,234,700	77,317,888	28,901,700	38,285,173	67,186,873
Net Assets, End of Year	\$ 40,868,982	\$ 51,090,408	\$ 91,959,390	\$ 31,083,188	\$ 46,234,700	\$ 77,317,888

See notes to consolidated financial statements

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services	Supporting Activities			Total Expenses
		General and Administrative	Fund-raising	Total Supporting Activities	
Salaries and benefits	\$ 20,848,681	\$ 1,023,090	\$ 2,257,135	\$ 3,280,225	\$ 24,128,906
Hospital medical equipment, medicine and supplies	7,248,976	12,040	85	12,125	7,261,101
Professional fees	2,272,603	650,757	1,128,003	1,778,760	4,051,363
Depreciation and amortization	2,640,981	63,805	39,584	103,389	2,744,370
Travel, meetings and seminars	969,953	54,553	527,474	582,027	1,551,980
Contributed nonfinancial assets:					
Donated medical equipment, medicine and supplies	398,409	-	-	-	398,409
Donated land leases and office space	920,481	-	-	-	920,481
Donated services	198,452	-	-	-	198,452
Security services and utilities	973,623	218,963	9,962	228,925	1,202,548
Miscellaneous	700,960	65,852	6,716	72,568	773,528
Shipping, duty and freight	737,881	44	-	44	737,925
Information technology	186,712	372,370	168,091	540,461	727,173
Office supplies and equipment	298,324	72,532	330,430	402,962	701,286
Insurance	547,355	30,926	-	30,926	578,281
Advertising and promotion	63,163	1,540	505,320	506,860	570,023
Repairs and maintenance	411,332	10,691	-	10,691	422,023
Bank fees	50,041	376,563	-	376,563	426,604
Grants to other organizations	385,606	-	421	421	386,027
	<u>\$ 39,853,533</u>	<u>\$ 2,953,726</u>	<u>\$ 4,973,221</u>	<u>\$ 7,926,947</u>	<u>\$ 47,780,480</u>

See notes to consolidated financial statements

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services	Supporting Activities			Total Expenses
		General and Administrative	Fundraising	Total Supporting Activities	
Salaries and benefits	\$ 20,402,830	\$ 877,146	\$ 2,204,842	\$ 3,081,988	\$ 23,484,818
Hospital medical equipment, medicine and supplies	4,691,847	-	-	-	4,691,847
Professional fees	2,206,892	443,920	515,105	959,025	3,165,917
Contributed nonfinancial assets:					
Donated medical equipment, medicine and supplies	1,951,286	-	-	-	1,951,286
Donated land leases and office space	920,481	-	-	-	920,481
Donated services	162,138	-	-	-	162,138
Depreciation and amortization	2,054,213	35,720	-	35,720	2,089,933
Travel, meetings and seminars	1,246,840	77,217	660,755	737,972	1,984,812
Security services and utilities	987,898	199,290	4,659	203,949	1,191,847
Miscellaneous	836,166	298,800	1,526	300,326	1,136,492
Advertising and promotion	326,111	4,723	672,890	677,613	1,003,724
Shipping, duty and freight	782,427	-	-	-	782,427
Information technology	223,804	303,658	144,065	447,723	671,527
Office supplies and equipment	147,645	80,600	369,403	450,003	597,648
Insurance	443,549	26,572	-	26,572	470,121
Bank fees	41,622	363,025	-	363,025	404,647
Repairs and maintenance	353,936	10,679	-	10,679	364,615
Grants to other organizations	309,357	-	-	-	309,357
	<u>\$ 38,089,042</u>	<u>\$ 2,721,350</u>	<u>\$ 4,573,245</u>	<u>\$ 7,294,595</u>	<u>\$ 45,383,637</u>

See notes to consolidated financial statements

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 14,641,502	\$ 10,131,015
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,744,370	2,089,933
Bad debt expense	33,040	166,954
Foreign currency translation adjustments	1,649,650	1,726,168
Contributions restricted for long term purposes	(9,851,076)	(10,443,826)
Noncash recognition of land lease expense	348,097	342,089
Realized and unrealized loss on sale of assets	23,692	-
Realized and unrealized loss on investments	674,521	31,044
Noncash change in right-of-use lease	14,460	-
Changes in:		
Insurance and other receivables	116,090	(347,222)
Contributions receivable- pledges, net	1,352,265	(2,350,899)
Prepaid expenses and other assets	(99,714)	127,353
Inventory, net	(1,693,381)	(771,295)
Accounts payable and accrued expenses	1,192,535	528,543
Refundable advances	842,983	-
Net Cash Provided by Operating Activities	11,989,034	1,229,857
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of land, buildings and equipment, net	(10,394,953)	(8,250,772)
Purchase of investments held for board designations	(1,016,299)	(541,909)
Proceeds from sale of investments held for board designations	1,021,993	541,862
Net Cash Used by Investing Activities	(10,389,259)	(8,250,819)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for long term purposes	9,143,826	10,588,976
Net Cash Provided by Financing Activities	9,143,826	10,588,976
Effect of Exchange Rate on Cash	(580,643)	(1,208,195)
Change in Cash and Cash Equivalents and Cash Held for Board Designations	10,162,958	2,359,819
Cash and Cash Equivalents and Cash Held for Board Designations, Beginning of Year	10,609,155	8,249,336
Cash and Cash Equivalents and Cash Held for Board Designations, End of Year	\$ 20,772,113	\$ 10,609,155
Cash and cash equivalents	\$ 20,343,760	\$ 10,245,056
Cash held for board designations	428,353	364,099
	\$ 20,772,113	\$ 10,609,155
SUPPLEMENTAL INFORMATION:		
Land, building and equipment in accounts payable	\$ 410,093	\$ 328,076

See notes to consolidated financial statements

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

1. NATURE OF ORGANIZATION:

CURE International, Inc. (CURE) is a not-for-profit, interdenominational Christian organization operating surgical hospitals in developing countries. Its primary focus is on serving physically disabled children. CURE is committed to managing hospitals that function as “Centers of Excellence,” delivering advanced, high-quality medical care in a Christ-centered and compassionate environment. Each hospital also serves as a training center, strengthening local health systems and contributing to long-term development. CURE is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC). In addition CURE is not classified as a private foundation within the meaning of Section 509(c) of the IRC. CURE's revenue is generated primarily from charitable contributions. CURE's corporate headquarters are located in Grand Rapids, Michigan and operates an inventory distribution center in Spring Lake, Michigan.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

CURE maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs). The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

SIGNIFICANT ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting periods. Actual results could differ from the estimates. The consolidated financial statements are presented in United States (U.S.) dollars. The financial records of these controlled organizations (beside Zimbabwe) are kept in local currencies. Assets, liabilities and net assets are translated at year end rates of exchange and revenue and expenses are translated at the average rates of exchange during the year. Since the hospitals are located primarily in developing countries, the value of the local currencies is subject to a greater degree of change and, therefore, could result in significant exchange gains (losses).

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of CURE; the main office which is the Corporate Office ("CO"), CURE Hospital des Enfants au Niger ("Niger"), CURE Children's Hospital of Uganda ("Uganda"), Beit CURE International Hospital ("Malawi"), AIC- CURE International Hospital ("Kenya"), and CURE Ethiopia Children's Hospital ("Ethiopia"); its controlled hospital organizations (through the Board of Directors and economic interest).

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES:

PRINCIPLES OF CONSOLIDATION, continued

The hospital organizations controlled by CURE and included in the consolidated financial statements are the Beit CURE Hospital of Zambia ("Zambia"), Cure International Bulawayo Children's Hospital ("Zimbabwe"), and Tebow CURE Hospital ("Philippines"). These hospital organizations own and operate hospital facilities within the respective countries. All intercompany accounts and transactions have been eliminated.

The consolidated financial statements do not include the financial position, results of activities or cash flow of CURE's affiliated organizations (CURE UK and CURE Canada) due to their financial and administrative independence.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking and money market accounts. CURE considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents. These accounts may, at times, exceed federally insured limits. At June 30, 2025 and 2024, the amounts on deposit that exceeded federally insured limits were approximately \$19,962,000 and \$8,135,000, respectively.

CASH AND INVESTMENTS HELD FOR BOARD DESIGNATIONS

CURE has a board designated Vision Fund and Medical Malpractice Fund. The Vision Fund was initially established with the proceeds of a building sale, and will continue to be funded by allocating 50% of all estate gifts without donor restrictions. The purpose of the Vision Fund is to support the ongoing capital needs of CURE, or other purposes as the board sees fit. As of June 30, 2025 and 2024, the Vision Fund totaled \$2,473,310 and \$3,141,695, respectively.

The Medical Malpractice Fund is to be used to settle medical malpractice cases. CURE's board initially funded the reserve with \$100,000, and will fund an additional \$50,000 a year until the fund reaches \$250,000. As of June 30, 2025 and 2024, the Medical Malpractice Fund totaled \$156,375 and \$103,951, respectively.

INVESTMENTS HELD FOR BOARD DESIGNATIONS

Investments held for board designations consist of fixed income and equities with readily determinable fair values that are reported at fair value based upon quoted market prices. Donated investments are reported at market value at the date of donation. Investment returns consist of dividends, interest and realized and unrealized gains and losses, and are included in other income without donor restrictions in the consolidated statements of activities unless a donor or law restricts their use.

CONTRIBUTIONS RECEIVABLE- PLEDGES

Contributions receivable are unconditional promises to give and are recognized as assets and support in the period made. Management believes that all amounts are fully collectible. Therefore, an allowance for doubtful contributions receivable has not been recorded as of June 30, 2025 and 2024.

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS RECEIVABLE- LEASES, NET

CURE has received, at no cost, the use of a hospital building and various parcels of land on which the hospital buildings are located. The fair value of the rent to be received, discounted to its present value, is recorded as contributed nonfinancial assets and contributions receivable in the year the contract is executed. CURE then recognizes contributed nonfinancial assets and rent expense, reducing the net contribution receivable, as the benefits are used up over the lives of the leases. At June 30, 2025, the contribution receivable and discount related to these leases were \$50,314,033 and \$27,161,870, respectively, resulting in a net contributions receivable of \$23,152,163. At June 30, 2024, the contribution receivable and discount related to these leases were \$50,980,480 and \$27,709,902, respectively, resulting in a net contributions receivable of \$23,270,578.

Additionally, CURE has an office lease with a board member for donated office space, expiring in April 2030. The fair value of the rent to be received, discounted to its present value, is recorded as contributed nonfinancial assets and contributions receivable. At June 30, 2025, the contribution receivable and discount related to this lease were \$1,524,201 and \$74,457, respectively, resulting in a net receivable of \$1,449,744. At June 30, 2024, the contribution receivable and discount related to this lease were \$1,778,235, and \$98,809, respectively, resulting in a net receivable of \$1,679,426.

CONDITIONAL CONTRIBUTIONS RECEIVABLE

Conditional contributions receivable, 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. As of June 30, 2025 and 2024, CURE had outstanding conditional contributions receivable of approximately \$7,825,000 and \$9,325,000, respectively, from individual donors. In addition, CURE had a conditional contribution from the U.S. Agency for International Development (USAID) in the amount of \$8,945,985 as of June 30, 2024.

INSURANCE AND OTHER RECEIVABLES

Insurance and other receivables, consists of amounts due from third-party payers and government assistance programs and is recorded at the estimated net realizable value when the service is rendered. CURE only charges patients who have insurance, as disclosed in the Charity Care Policy in Note 2. Therefore, CURE does not record an allowance for credit losses as amounts billed to the insurance companies are fully collectable.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets are reported when incurred in accordance with the accrual basis of accounting. Other assets consist mainly of prepaid insurance.

INVENTORY, NET

Inventory, net consists primarily of donated medical equipment, medicine and supplies. Inventory that is purchased is valued at the lower of cost or net realizable value for June 30, 2025 and 2024, with cost determined using the first-in, first-out method for the year ended June 30, 2024, and weighted average cost for the year ended June 30, 2025 (see Note 15).

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVENTORY, NET, continued

Inventory that is donated is valued and recorded as revenue at the estimated fair value based upon CURE's estimate of the wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use. Medicine contributions legally permissible to sell in the United States are valued using a hierarchy of pricing inputs that approximates wholesale prices in the United States. Medicine contributions not legally permissible to sell in the United States, but approved for sale outside the United States, are valued based upon wholesale market price data in countries representing principal exit markets of such products. The revenue is recorded as contributed nonfinancial assets on the consolidated statements of activities. Expenses for donated medical equipment, medicine and supplies are recorded when used at the value recorded on date of receipt. At June 30, 2025, gross inventory was \$7,360,493 less an obsolescence reserve of \$100,000, resulting in a net inventory balance of \$7,260,493. At June 30, 2024, gross inventory was \$5,655,112 less an obsolescence reserve of \$88,000, resulting in a net inventory balance of \$5,567,112.

RIGHT OF USE ASSET AND LEASE LIABILITY

CURE leases a warehouse in Spring Lake, Michigan, for its inventory distribution center. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain CURE will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees or material restrictive covenants. Additional lease disclosures are considered immaterial to the consolidated financial statements.

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

LAND, BUILDINGS, AND EQUIPMENT, NET

Land, buildings, and equipment, with a cost in excess of \$2,000 are capitalized and recorded at cost at the date of acquisition. Donated medical equipment and the cost of donated construction services are valued at the estimated fair value at date of receipt. Depreciation is provided over estimated useful lives of the assets on a straight-line basis.

Useful lives are as follows:

	U.S. Corporate Office	Overseas Hospitals
Building and leasehold improvements	10 years	50 years
Software and websites	3- 5 years	3- 5 years
Furniture and equipment	3 years	20 years

Depreciation is not recorded for land and construction in progress. Upon retirement or other disposal of property, the cost and accumulated depreciation are removed, and the resulting gain or loss, if any is recognized. The costs of repairs and maintenance are charged to expenses as incurred. The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2025 or 2024.

REFUNDABLE ADVANCE

During the year ended June 30, 2025, CURE's USAID funding was terminated. CURE has recorded the funding received but not yet expended on grant related activity as a refundable advance.

NET ASSETS

The consolidated financial statements report amounts separately by class of net assets.

Net assets without donor restrictions are those currently available at the direction of management and the board for use in CURE's operations.

Net assets with donor restrictions are contributed with donor stipulations for specific operating purposes or programs, with time restrictions or not currently available for use until commitments regarding their use have been fulfilled. When a purpose restriction is accomplished or a time restriction ends, net assets with donor restrictions are released to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to CURE. Gifts of cash and other assets are reported 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 of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

CURE records government grants as income when the grants are unconditionally awarded, or as a refundable advance until expenditures are incurred if deemed reciprocal. CURE has ongoing grants from the United States Agency for International Development. One of the grants is funded by contributed nonfinancial assets. The amount recognized as contributed nonfinancial assets (donated medical equipment, medicine and supplies) related to this grant was \$298,446 and \$496,542, respectively, for the years ended June 30, 2025 and 2024. For the remaining grants, CURE recognizes related government grant revenue as expenditures are incurred.

Insurance billing and cost recovery comprises of fees charged for inpatient and outpatient hospital services. This revenue is recognized at the transaction price when each performance obligation is satisfied at a point in time when patients have received the service. CURE receives this revenue from patients' medical insurance, with the majority of the revenue from Philippines Health Insurance Corporation under the national health care plan of the Philippines. Revenue is measured at fees calculated and billed based on agreements with the insurers reduced by a provision for rejections. There are no payments made in advance of service. Patient service revenue is recorded net of discounts of approximately \$651,000 and \$760,000 for the years ended June 30, 2025 and 2024, respectively.

CHARITY CARE

CURE does not charge patients for any of the services provided. When available, CURE will submit a request for reimbursement to a patient's insurance to recover some of the cost for a surgery. CURE utilizes private donations to subsidize the cost of services provided to patients. Charity Care provided to patients totaled approximately \$45,500,000 and \$40,700,000 for the years ended June 30, 2025 and 2024, respectively, and is not recorded as support and revenue in the consolidated financial statements. Charity Care provided to patients is estimated based on the direct program expenses, plus 15% to cover indirect costs, less insurance and cost recovery proceeds.

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ALLOCATION OF FUNCTIONAL EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses presents expenses by natural and functional classifications in accordance with the overall mission of CURE. Accordingly, certain categories of expenses are attributable to one or more program services or supporting activities of CURE. Management allocates costs in two ways: the ratio of each program services and supporting activities to budgeted expenses and staff time attributed to the function. CURE incurred no joint costs during the years ended June 30, 2025 and 2024.

ADVERTISING COSTS

CURE expenses advertising costs as they are incurred. Total advertising expenses incurred during the years ended June 30, 2025 and 2024 are \$570,023 and \$1,003,724, respectively.

DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL ASSETS

CURE follows the provisions of the *Fair Value Measurements and Disclosure* topic of the FASB ASC. These standards establish 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. CURE uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. There were no investments valued at Level 2 or Level 3 as of June 30, 2025 and 2024.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position.

Level 1 Fair Value Measurements

Fixed income and equities: The fair values are based on quoted market prices in an active market.

There were no changes in valuation methodology in the years ending June 30, 2025 and 2024.

FOREIGN CURRENCY TRANSLATION

CURE's Subsidiaries are located in various countries. The functional currency of these foreign operations is the local currency. The financial statements of CURE's Subsidiaries have been translated into U.S. dollars. All statements of financial position accounts have been translated using the exchange rate in effect at the consolidated statements of financial position dates. Consolidated statements of activities amounts have been translated using the average exchange rate for the years ending June 30, 2025 and 2024. Foreign currency translation adjustments resulted in losses of \$1,634,227 and \$1,726,168 for the years ended June 30, 2025 and 2024, respectively, and have been reported separately in the consolidated statements of activities. The effect of cumulative foreign currency exchange adjustments included in net assets at June 30, 2025 and 2024, was approximately (\$20,100,000) and (\$18,500,000) respectively.

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARD

In June 2025, the FASB issued guidance ASU No. 2025-05, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets which allows organizations to adopt a practical expedient that assumes current conditions as of the date of the consolidated statements of financial position will not change for the remaining life of the asset.

CURE adopted the standard effective June 30, 2025, on a prospective basis. The impact of the adoption was not considered material to the consolidated financial statements.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects CURE's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date.

	June 30,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 20,343,760	\$ 10,245,056
Cash held for board designations	428,353	364,099
Investments held for board designations	2,201,332	2,881,547
Insurance and other receivables	979,778	1,095,868
Contributions receivable - pledges, net	6,749,420	7,427,475
Financial assets, at year end	30,702,643	22,014,045
Less those unavailable for general expenditure within one year, due to:		
Cash held for board designations	(428,353)	(364,099)
Investments held for board designations	(2,201,332)	(2,881,547)
Contributions receivable to be received beyond one year	(752,500)	(835,963)
Restrictions by donors with purpose and time restrictions to be spent beyond one year, excluding time restrictions related to donated land leases and office space	(11,310,080)	(8,085,381)
Financial assets available to meet cash needs for general expenditures within one year	\$ 16,010,378	\$ 9,847,055

CURE is substantially supported by contributions, for which a substantial portion does not carry restrictions. As part of CURE's liquidity management, CURE has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CURE has one line of credit, as described in Note 7, that can be drawn upon as needed. With board approval, the board designated funds could be made available for general expenditures within the next 12 months, if needed.

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

4. INVESTMENTS HELD FOR BOARD DESIGNATIONS:

Investments held for board designations, at fair value, consists of the following:

	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
June 30, 2025				
Fixed income	\$ 39,527	\$ -	\$ -	\$ 39,527
Equities	2,161,805	-	-	2,161,805
				\$ 2,201,332
	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
June 30, 2024				
Fixed income	\$ 45,429	\$ -	\$ -	\$ 45,429
Equities	2,836,118	-	-	2,836,118
				\$ 2,881,547

5. CONTRIBUTIONS RECEIVABLE, NET:

As of June 30, 2025, contributions receivable are expected to be collected in the following periods:

	Less than One Year	1-5 Years	Greater than Five Years	Total
Donated leases	\$ 920,481	\$ 4,602,403	\$ 46,315,350	\$ 51,838,234
Donor pledges	5,996,920	752,500	-	6,749,420
Less				
Present value discount at 1.45%	(21,021)	(53,436)	-	(74,457)
Present value discount at 2.33%	(545,244)	(2,682,034)	(23,934,592)	(27,161,870)
Total	\$ 6,917,401	\$ 5,354,903	\$ 22,380,758	\$ 31,351,327

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

5. CONTRIBUTIONS RECEIVABLE, NET, continued:

As of June 30, 2024, contributions receivable are expected to be collected in the following periods:

	Less than One Year	1-5 Years	Greater than Five Years	Total
Donated land leases	\$ 718,640	\$ 4,602,403	\$ 47,437,672	\$ 52,758,715
Donor pledges	6,591,512	835,963	-	7,427,475
Less				
Present value discount at 1.45%	(24,351)	(70,826)	(3,632)	(98,809)
Present value discount at 2.33%	(548,032)	(2,696,994)	(24,464,876)	(27,709,902)
Total	\$ 7,310,152	\$ 5,438,366	\$ 22,969,164	\$ 32,377,479

6. LAND, BUILDINGS, AND EQUIPMENT, NET:

Land, buildings, and equipment, net, consists of the following:

	June 30,	
	2025	2024
U.S. Corporate Office:		
Leasehold improvements	\$ 393,400	\$ 327,414
Furniture and equipment	139,828	220,915
Software and websites	3,236,458	206,270
Construction in progress	1,652,018	3,921,101
Overseas Hospitals:		
Land	3,539,651	3,539,651
Hospital buildings	16,782,314	13,894,699
Furniture and equipment	14,697,912	14,974,886
Construction in progress	7,755,220	3,988,489
	48,196,801	41,073,425
Less accumulated depreciation	(15,700,210)	(15,052,701)
	\$ 32,496,591	\$ 26,020,724

During the year ended June 30, 2023, CURE began renovations on several of its hospitals. The projects are expected to be completed in fiscal years 2025 or 2026 but the timeline can be impacted by local country laws and regulations. Total expected project costs yet to be incurred are estimated at \$9,500,000. CURE has entered into agreements with various construction companies with a remaining commitment of approximately \$8,382,000 and \$10,678,000 as of June 30, 2025 and 2024, respectively.

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

6. LAND, BUILDINGS, AND EQUIPMENT, NET, continued:

The land lease for Zambia constitutes \$8,532,415 of the net contributions receivable. This is a 99-year lease agreement with the Zambian government. All land in Zambia is leased in this manner rather than holding a title. However, leases like this function as if CURE holds title to the land and does not restrict CURE building on or selling any portion of the land. The current lease will expire in the year 2103, at which time CURE will need to request a renewal of the lease.

7. LINE OF CREDIT:

CURE has a revolving line of credit with a financial institution totaling \$3,000,000 for the year ended June 30, 2025. Interest accrues on the line at a variable rate of 6.95 percent as of June 30, 2025, and will mature in April 2026. CURE had a revolving line of credit with a financial institution totaling \$2,000,000 for the year ended June 30, 2024. Interest accrued on the line at a rate of 7.7 percent and it matured in January 2025. There were no draws during the years ended June 30, 2025 and 2024, and a \$-0- balance as of June 30, 2025 and 2024. CURE was in compliance with all debt covenants during the years ended June 30, 2025 and 2024.

8. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions are comprised of:

	June 30,	
	2025	2024
Undesignated	\$ 38,239,297	\$ 27,837,542
Board designated	2,629,685	3,245,646
	\$ 40,868,982	\$ 31,083,188

9. NET ASSETS WITH DONOR RESTRICTIONS:

The following table summarizes the nature of the net assets with donor restrictions and the purposes for which net assets may be used:

	June 30,	
	2025	2024
Contributions receivable - land leases	\$ 24,601,907	\$ 24,950,004
Hospital construction and equipment	18,376,718	12,882,221
Contributions receivable - time restricted	6,574,406	7,427,475
Hospital operations	1,175,000	675,000
Neuro program	362,377	300,000
	\$ 51,090,408	\$ 46,234,700

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

10. CONTRIBUTED NONFINANCIAL ASSETS:

CURE receives donations of medical equipment, medicine and supplies for use in relief and development programs. CURE ships all such contributed nonfinancial assets to one of the branches or related hospitals, or similar not-for-profit organizations.

In accordance with Interagency Standards established by the Accord Network, CURE only records the value of contributed nonfinancial assets for which it receives and exercises variance power, which is the discretion to distribute or redistribute the commodity without the donor's prior consent in accordance with its mission and purpose. Contributed nonfinancial assets consist of the following:

	Year Ended June 30,	
	2025	2024
Donated medical equipment, medicine and supplies	\$ 1,756,495	\$ 1,588,876
Donated land leases and office space	572,384	578,391
Donated services	198,452	162,138
	<u>\$ 2,527,331</u>	<u>\$ 2,329,405</u>

CURE records donated space at fair market value of similar properties. CURE assesses fair value based on public records for similar space and land in the principal market the transaction occurred. See Note 2, contributions receivable, for further information on the donated land leases and office space.

CURE records donated medical equipment and supplies at fair market value as contributed nonfinancial revenue with a corresponding increase in inventory. CURE uses third party websites to find comparable products or reaches out to medical suppliers to determine the value if the value of the item is not easily identifiable. CURE then discounts the value by 20% in order to determine the products fair value.

CURE records donated services at fair market value of the services provided. CURE utilized the Birches Group Salary Survey to determine the fair value wages by country for the services provided.

Donated medical equipment, medicine, donated land leases and office space, and supplies and donated services are recorded as program expenses as the donated items and services are used to support program services.

As of June 30, 2025 and 2024, contributed nonfinancial assets are utilized for CURE's hospital programming. CURE does not hold contributed nonfinancial assets for sale. As of June 30, 2025 and 2024, \$572,394 and \$578,391 of contributed nonfinancial assets are reported as contributions with donor restrictions due to time restrictions on the assets, respectively.

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

11. EMPLOYEE RETENTION CREDIT:

The CARES Act provides an Employee Retention Credit (ERC), which is a refundable tax credit against certain employment taxes. The most recent relief provisions passed by the United States government, which extended and expanded the qualified wage caps on these credits through December 31, 2021, provides a tax credit equal to 70% of qualified wages paid to employees during a quarter. The limit on qualified wages per employee was increased to \$10,000 per quarter as part of those most recent provisions. CURE qualifies for the tax credit under the CARES Act. Laws and regulations concerning government programs, including the ERC, established by the CARES Act are complex and subject to varying interpretation. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the claim to the ERC. Total amount claimed was received during the year ended June 30, 2025, totaling \$878,986 record in government grants on the consolidated statements of activities. In addition, during the year ended June 30, 2025, CURE also received \$159,979 in interest income which is reported within investment income on the consolidated statements of activities.

12. PENSION PLANS:

CURE has a 403(b) Plan covering all employees, excluding foreign nationals, who have attained the age of 21. CURE makes contributions to the plan on a discretionary basis based on a percentage of the employee's compensation established by the Board of Directors. Total expense charged for contributions to the plan was approximately \$368,000 for both years ended June 30, 2025 and 2024, respectively.

CURE hospitals also contribute to various retirement plans established locally.

CURE contributes to various governmental pension plans for foreign nationals based on the laws and regulations present in each country CURE has hospitals in. Total pension expense related to these contributions was approximately \$946,000 and \$918,000 for the years ended June 30, 2025 and 2024, respectively.

13. RELATED PARTIES:

The board of directors at CURE contributed approximately \$5,500,000 and \$4,169,000 (including noncash donations of leased office space of approximately \$230,000 and \$226,000 disclosed in Note 2) during the years ended June 30, 2025 and 2024.

CURE UK and CURE Canada are related parties of CURE. CURE UK donated approximately \$890,000 and \$1,100,000, of which \$131,000 and \$268,000 was in contributions receivable for the years ending June 30, 2025 and 2024, respectively. CURE Canada donated approximately \$550,000 and \$340,000, for the years ending June 30, 2025 and 2024, respectively.

CURE INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

14. NON-US OPERATIONS:

CURE's international affiliates are located in various countries. Non-U.S. operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on non-U.S. investment and income repatriation, government price or non-U.S. exchange controls, and restrictions on currency exchange. For the years ended June 30, 2025 and 2024, net assets of non-U.S. operations were 34% and 31% of CURE's total net assets, respectively.

Most of CURE's international affiliates use the local currency as the functional currency. The consolidated financial statements of CURE's international affiliates have been translated into U.S. dollars. The consolidated statements of financial position accounts have been translated using the exchange rate in effect at the consolidated statements of financial position date. Consolidated statements of activities amounts have been translated using the average exchange rate for the year. These adjustments for the years ended June 30, 2025 and 2024, are reflected accordingly on the consolidated statements of activities.

As of the date of this report, there continues to be fluctuations in the value of the U.S. dollar relative to several non-U.S. currencies in which CURE operates. It is not practicable to determine the effects of these rate changes on CURE's consolidated financial statements.

15. CHANGE IN ACCOUNTING PRINCIPLE:

During the year ended June 30, 2025, CURE changed its method of accounting for inventory, by changing its inventory costing method from first-in, first-out to weighted average. CURE believes this treatment provides a more meaningful presentation of its consolidated financial statements since this method more accurately reflects the cost of inventory. The consolidated financial statements for the year ended June 30, 2024, have not been restated to apply the new method retroactively, because it was impractical to do so. The new costing method was applied prospectively during the year ending June 30, 2025.

16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 18, 2025, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.