Namati, Inc. and Affiliate

Consolidated Financial Statements and Supplementary Information

For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

and
Report Thereon

NAMATI, INC. AND AFFILIATE

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For the Year Ended December 31, 2023

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Namati, Inc. and Affiliate

Opinion

We have audited the consolidated financial statements of Namati, Inc. (Namati) and Affiliate (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the 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 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 GAAS 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 GAAS, 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of revenue and expenses by funder is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenue and expenses by funder is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Matter

Report on Summarized Comparative Information

We have previously audited the Organization's December 31, 2022 consolidated financial statements, and we expressed an unmodified opinion on those consolidated financial statements in our report dated March 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Marcum LLP

Washington, DC
March 25, 2024

NAMATI, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 13,335,770	$ 35,543,403
Grants and contributions receivable	947,478	832,332
Prepaid expenses and other assets	119,726	51,522
Investments	31,382,776	5,532,286
Website costs, net	87,800	18,333
Operating right of use asset	503,710	531,394
Deposits	13,146	10,875
TOTAL ASSETS	$ 46,390,406	$ 42,520,145
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 643,223	$ 538,464
Operating lease liability	514,221	531,394
TOTAL LIABILITIES	1,157,444	1,069,858
Net Assets		
Without donor restrictions		
Undesignated	14,862,980	14,244,058
Board-designated	22,500,000	21,000,000
Total Without Donor Restrictions	37,362,980	35,244,058
With donor restrictions	7,869,982	6,206,229
TOTAL NET ASSETS	45,232,962	41,450,287
TOTAL LIABILITIES AND NET ASSETS	$ 46,390,406	$ 42,520,145

The accompanying notes are an integral part of these consolidated financial statements.

NAMATI, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
REVENUE AND SUPPORT				
Grants and contributions	$ 5,336,859	$ 8,848,765	$ 14,185,624	$ 14,585,303
Investment income	2,282,679	97,902	2,380,581	139,026
In-kind contribution	-	5,500	5,500	-
Other income	508	-	508	-
Net assets released from restrictions:				
Satisfaction of program restrictions	7,288,414	(7,288,414)	-	-
TOTAL REVENUE AND SUPPORT	14,908,460	1,663,753	16,572,213	14,724,329
EXPENSES				
Program Services:				
Community land protection	2,210,208	-	2,210,208	1,906,821
Global network	3,066,401	-	3,066,401	1,605,073
Global programs	1,661,116	-	1,661,116	1,372,457
Environmental justice	1,259,021	-	1,259,021	1,557,968
Citizenship	1,173,488	-	1,173,488	1,080,952
Health accountability	380,259	-	380,259	440,640
Total Program Services	9,750,493	-	9,750,493	7,963,911
Supporting Services:				
Program support	2,685,878	-	2,685,878	1,821,694
Institutional support	353,167	-	353,167	296,375
Total Supporting Services	3,039,045	-	3,039,045	2,118,069
TOTAL EXPENSES	12,789,538	-	12,789,538	10,081,980
CHANGE IN NET ASSETS	2,118,922	1,663,753	3,782,675	4,642,349
NET ASSETS, BEGINNING OF YEAR	35,244,058	6,206,229	41,450,287	36,807,938
NET ASSETS, END OF YEAR	$ 37,362,980	$ 7,869,982	$ 45,232,962	$ 41,450,287

The accompanying notes are an integral part of these consolidated financial statements.

NAMATI, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

	Program Services							Supporting Services				
	Community Land Protection	Global Network	Global Programs	Environmental Justice	Citizenship	Health Accountability	Total Program Services	Program Support	Institutional Support	Total Supporting Services	2023 Total	2022 Total
Salaries	$ 236,587	$ 795,147	$ 1,035,497	$ 598,664	$ 295,122	$ 153,615	$ 3,114,632	$ 1,610,327	$ 201,661	$ 1,811,988	$ 4,926,620	$ 4,145,696
Subgrants and subcontracts	1,389,908	1,679,608	-	281,395	499,599	167,560	4,018,070	-	-	-	4,018,070	2,831,915
Fringe benefits	55,489	186,493	242,865	140,411	69,218	36,029	730,505	377,686	47,298	424,984	1,155,489	1,022,321
Consultants and professional fees	266,706	180,379	141,350	124,204	35,265	6,435	754,339	259,413	56,420	315,833	1,070,172	935,986
Travel	190,328	145,584	157,886	65,670	193,762	12,475	765,705	94,685	26,533	121,218	886,923	613,815
Other costs	61,572	75,351	59,855	35,043	74,343	4,086	310,250	282,295	17,220	299,515	609,765	392,827
Rent	9,618	3,839	23,663	13,634	6,179	59	56,992	61,472	4,035	65,507	122,499	139,420
TOTAL EXPENSES	$ 2,210,208	$ 3,066,401	$ 1,661,116	$ 1,259,021	$ 1,173,488	$ 380,259	$ 9,750,493	$ 2,685,878	$ 353,167	$ 3,039,045	$ 12,789,538	$ 10,081,980

The accompanying notes are an integral part of these consolidated financial statements.

NAMATI, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,782,675	$ 4,642,349
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of website costs	48,483	9,167
Amortization of operating right-of-use asset	27,684	-
Unrealized gain on investments	(1,314,396)	(14,846)
Changes in assets and liabilities:		
Grants and contributions receivable	(115,146)	(141,398)
Prepaid expenses and other assets	(68,204)	23,797
Deposits	(2,271)	68
Operating lease liability	(17,173)	-
Accounts payable and accrued expenses	104,759	121,804
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,446,411	4,640,941
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of website costs	(117,950)	(27,500)
Purchase of investments	(55,382,874)	(5,517,440)
Sale of investments	30,846,780	-
NET CASH USED IN INVESTING ACTIVITIES	(24,654,044)	(5,544,940)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,207,633)	(903,999)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	35,543,403	36,447,402
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 13,335,770	$ 35,543,403

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

Namati, Inc. (Namati) is a nonprofit organization incorporated under the laws of the State of Delaware on July 12, 2011. Namati was established to implement legal empowerment interventions in partnership with governments and civil society organizations in several countries. Namati cultivates a global community of paralegal practitioners to foster dialogue and tool-sharing. Namati advocates with, and provides technical assistance to policy-makers and civil society organizations for greater and smarter investments in legal empowerment. In partnership with civil society groups and governments, Namati implements and evaluates innovative interventions along several themes, including environmental justice, community land protection and the accountability of essential public services. Namati also hosts a growing Global Legal Empowerment Network of practitioners and supporters. Members of the Global Legal Empowerment Network share resources and experiences, including research, training materials, monitoring and evaluation tools, case management systems, and advocacy strategies. Network members are active throughout the world, whereas Namati's programs and research focus on exploring the potential for legal empowerment in specific countries, which include Sierra Leone, India, Mozambique, Myanmar, Kenya, the United States and Bangladesh. Namati's activities are funded primarily through grants and contract revenue.

Namati has an office in Kenya. The office in Kenya follows the host country's regulations and, as a result, was incorporated as Namati Kenya on January 18, 2018. However, as Namati's local office, Namati Kenya is dependent on Namati for funding, participates in Namati's activities and decision-making, and carries out the general mission and activities of Namati in Kenya.

Principles of Consolidation

The consolidated financial statements of Namati and Namati Kenya (collectively referred to as the Organization) have been prepared on the accrual basis of accounting and include the accounts of Namati and Namati Kenya. Namati and Namati Kenya have been consolidated due to the presence of control and economic interest, as required under accounting principles generally accepted in the United States of America (GAAP). All intercompany balances and transactions have been eliminated in the consolidation.

Cash Equivalents

The Organization considers all money market funds and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Grants and Contributions Receivable

The Organization records grants and contributions receivable at their estimated net realizable value. The allowance for doubtful accounts is based on various factors, including management's analysis of the collectibility of the accounts and current economic conditions. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

1. Organization and Summary of Significant Accounting Policies (continued)

Investments

Investments consist of money market funds and obligations of U.S. government agencies and government sponsored entities. These investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains or losses on investments are determined by the change in fair value at the beginning and end of the reporting period. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investments also include investment funds considered to be alternative investment funds, as they are not traded in established markets with published values. Access to participation in these funds is limited and at the fund’s discretion and approval, and liquidation of the Organization’s interests may be subject to various restrictions imposed by fund managers.

The alternative investment funds consist of private equity funds structured as limited partnerships. These investments are recorded in the accompanying consolidated financial statements at fair value, as provided by the investment managers. The Organization has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards, Fair Value Measurement (Topic 820): *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which permits, as a practical expedient, the fair value of certain alternative investments within its scope to be estimated using net asset value (NAV) or its equivalent as reported by the investee.

Because of the inherent uncertainty of the valuation of each of the Organization’s alternative investment funds, the values used for these investments may differ significantly from the value that would have been used had a ready market for the investments existed.

The change in unrealized appreciation or depreciation of investments is included in investment income in the accompanying consolidated statement of activities. Realized gains and losses on sales of investments are computed on an average cost method and are recorded on the trade date of the transaction and included in investment income in the accompanying consolidated statement of activities.

Fair Value Measurement

In accordance with generally accepted accounting principles (GAAP), the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument. Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1

Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access. This classification is applied to any investment of the Organization that has a readily available quoted market price from an active market where there is significant transparency in the executed/quoted market price.

Level 2

Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. This classification is applied to investments of the Organization for which there is no established trading market.

The Organization uses NAV per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

As of December 31, 2023, the Organization's assets and liabilities which were measured at fair value on a recurring basis and subject to the disclosure requirements of the fair value measurements and disclosures topic of the FASB Accounting Standards Codification (ASC) include only its investments, as described in Note 4 of these consolidated financial statements.

Website Costs and Related Amortization

All assets with a useful life of more than two years and an acquisition cost of $5,000 or greater are capitalized at cost. Capitalized website costs are recorded at cost less accumulated amortization and impairment losses, if any. Website costs are amortized using the straight-line method over an estimated useful life of three years. Expenditures for major repairs and improvements that extend the useful life of an asset are capitalized, whereas expenditures for minor repairs and maintenance costs are expensed when incurred. Costs incurred in the development of the website are expensed during the preliminary and post-implementation operation stages, including data conversion, training and maintenance costs. Costs incurred during the website development stage are capitalized. In the event that it is no longer probable that expected future economic benefits will be recovered, website costs are written down to estimated recoverable amounts.

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets

The Organization's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of Namati's operations. From time to time, Namati's Board of Directors (the Board) designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. The Board has designated $7,500,000 of net assets without donor restrictions to serve as a working capital reserve to secure Namati's long-term financial viability. The Board has also designated $15,000,000 for the purpose of investing and generating ongoing operation funds.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various programs or for specific periods. These donor restrictions can be temporary in nature in that they will be met by actions of Namati or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2023, Namati had no net assets with donor restrictions that are required to be maintained in perpetuity.

Revenue Recognition

Unconditional grants and contributions are reported as revenue and support in the year in which payments are received and/or unconditional promises are made. Unconditional grants are considered without donor restrictions unless specifically restricted by the grantor. Amounts received that are designated for future periods or restricted by the grantor for specific purposes are reported as revenue and support with donor restrictions. When a grantor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is met), net assets are reclassified from net assets with donor restriction to net assets without donor restriction and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Unconditional grants that have been committed to the Organization but have not been received as of year-end are reflected as grants and contributions receivable in the accompanying consolidated statement of financial position.

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 substantially met.

Grant Expense Recognition

Unconditional grants are expensed in the year in which the grant commitment is made to the grantee. Grant amounts not transferred immediately to the partner organizations in the year in which the grant commitments are made are recorded as grants payable in the accompanying consolidated statement of financial position. As of December 31, 2023, the Organization had no grants payable. Conditional grants are not included as expenses until such time as the conditions are substantially met.

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Expenses directly attributed to specific functional areas of the Organization are reported as expenses of those functional areas. Salaries are allocated to programs and supporting services based on employees' timesheets. Fringe benefits and shared costs (primarily rent) that benefit multiple functional areas have been allocated among the various functional areas based on the actual time and effort expended on those functional areas.

The following is an explanation of certain expense categories presented in the consolidated statements of activities and functional expenses as supporting services:

> *Program support* – This supporting service category includes the functions necessary to secure proper administration of the Organization's programs and the Board, maintain an adequate working environment, and manage financial and budgetary responsibilities of the Organization.
>
> *Institutional support* – This supporting service category includes the functions necessary to induce potential donors to contribute funds and other resources to the Organization. It also includes costs necessary for the administration of the Organization's operations that do not otherwise qualify to be recorded under program support.

Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported in the consolidated financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

2. Grants and Contributions Receivable

Grants and contributions receivable of $947,478 represent net promises to give from various organizations and are all due within one year as of December 31, 2023. All amounts are deemed fully collectible. Accordingly, no allowance for uncollectible grants and contributions receivable has been provided.

During the year ended December 31, 2023 and prior years, the Organization was awarded several multiyear conditional grants of which $20,076,814 has not been recognized as of December 31, 2023, as the Organization's achievement of certain goals and deliverables (barriers) mutually agreed to between the Organization and the donors had not been met. Payments will be made to the Organization at various times through September 30, 2030, upon satisfaction of the conditions.

3. Conditional Grants

During the year ended December 31, 2023, the Organization awarded several conditional grants of which $4,444,066 has not been recognized as grant expense as of December 31, 2023 as these grants were contingent upon achievement of certain goals and milestones (barriers) mutually agreed to between the Organization and the grantees.

4. Investments and Fair Value Measurement

Investments at fair value consisted of the following as of December 31, 2023:

Obligations of U.S. government agencies and government-sponsored entities	$ 17,740,253
Money market funds	7,024,416
Private Equity funds	6,618,107
Total Investments	$ 31,382,776

The following table summarizes the Organization's investments at fair value as of December 31, 2023:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Obligations of U.S. government agencies and government-sponsored entities	$ 17,740,253	$ -	$ 17,740,253	$ -
Money market funds	7,024,416	7,024,416	-	-
Total	24,764,669	$ 7,024,416	$ 17,740,253	$ -
Alternative investments[a]	6,618,107			
Total Investments	$ 31,382,776			

[a] These investments are measured at NAV as a practical expedient and have not been classified within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

4. Investments and Fair Value Measurement (continued)

Under the provisions of the accounting standards on fair value measurement, the applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

U.S. obligations and money market funds – Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated using pricing models, such as matrix pricing, quoted prices of securities with similar characteristics or discounted cash flows. These instruments, which would generally be classified within Level 2 of the valuation hierarchy, include U.S. and corporate obligations.

Alternative investment funds – Alternative investments include private equity funds in the form of interests in limited partnerships, which are valued using significant unobservable inputs, are subject to certain restrictions and generally have no established trading market. Fair value is determined based on the Fund's NAV or its equivalent, as provided by the Fund's management using a variety of methodologies relevant to the particular investment portfolio that combine primary market data available from national securities exchanges for underlying securities that are actively traded, as well as other factors. Investments for Namati Inc. are in private equity funds whose strategies include, but are not limited to, direct and indirect company co-investments, buyouts, public-to-private transactions, and strategic and growth capital investments. Namati has no unfunded capital commitments. Namati's alternative investments require a notice period of 3 to 30 days period between when a request to withdraw the funds is made and when the funds are sent. There were no unfunded capital commitments as of December 31, 2023.

5. Net Assets

<u>Net Assets Without Donor Restrictions</u>

The Organization's net assets without donor restrictions are composed of undesignated amounts and board-designated amounts. As of December 31, 2023, the Organization's net assets without donor restrictions were as follows:

Undesignated	$ 14,862,980
Board-designated for investing to support ongoing operations	15,000,000
Board-designated for working capital reserve	7,500,000
Total Net Assets Without Donor Restrictions	$ 37,362,980

5. Net Assets (continued)

Net Assets With Donor Restrictions

As of December 31, 2023, net assets with donor restrictions were restricted for the following purposes:

Subject to expenditure for specified purpose:	
Community land protection	$ 2,951,328
Environmental justice	2,476,606
Citizenship	827,276
Global programs	781,098
Health Accountability	250,966
Global Network	522,708
Total Subject to Expenditure for Specified Purpose	7,809,982
Subject to occurrence of specified events/passage of time:	
Total Subject to Passage of Time	60,000
Total Net Assets With Donor Restrictions	$ 7,869,982

6. Concentration of Credit Risk

The Organization maintains its cash and cash equivalents with a certain commercial financial institution, which aggregate balance may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution. The Organization maintains an overnight sweep account on its main checking account so as of December 31, 2023, the Organization’s cash balances did not exceed the maximum limit insured by the FDIC. The Organization monitors the credit worthiness of the institution and has not experienced any credit losses on its cash and cash equivalents.

In addition, the Organization has operations in Kenya, and holds cash accounts in Kenya which are uninsured. As of December 31, 2023, cash balances in Kenya totaled approximately $61,000, representing less than 1% of the Organization’s total assets.

7. Commitments, Risks and Contingencies

Operating Leases

On September 14, 2017, Namati Inc. entered into a noncancelable operating lease for office space for its headquarters in Washington, D.C. The lease term is for the period November 1, 2017, through January 31, 2023. The lease provides for three months of rent abatement, and contains a fixed escalation clause for increases in the annual minimum rent. On December 15, 2022, Namati Inc. entered into a lease amendment to extend the lease term to September 30, 2028. The base monthly rent is $9,603 and escalates by 2.5% on an annual basis. The amended lease includes an incentive to abate the rent for the first two months every year throughout the lease period and a tenant improvement allowance of up to $58,720.

7. Commitments, Risks and Contingencies (continued)

Operating Leases (continued)

Per terms of the lease agreement, there is a tenant improvement allowance of $58,720. Under the terms of the agreement, any unused allowance as of February 1, 2024 may be applied to the base rent due starting on February 1, 2024, 25% starting on February 1, 2024 and the remaining 75% starting February 1, 2026. The Organization is still determining how the allowance will be used. Therefore, the Organization has included the allowance in its calculations to determine the right of use asset and the related liability.

On December 14, 2022, Namati Kenya entered into a noncancelable operating lease for office space in Kenya. The lease term is for the period October 1, 2022, through December 31, 2027. The lease contains a fixed escalation clause for increases in the annual minimum rent. The base monthly rent is $1,390 and escalates by 10% on an annual basis.

ROU assets represent the Organization's right to use underlying assets for the lease terms. Lease liabilities represents the Organization's obligation to make lease payments arising from leases. The ROU asset and lease liability were calculated based on the present value of future lease payments over the lease term. The Organization used the risk-free rate as permitted under ASC 842 for non-public entities, to discount future lease payments. As of December 31, 2023, the Organization's operating right-of-use assets were $503,710 and operating lease liability was $514,221.

As of December 31, 2023, future minimum lease payments required under these operating leases were as follows:

For the Year Ending December 31,	
2024	$ 101,092
2025	119,970
2026	79,410
2027	147,129
2028	97,521
Total Lease Payments	545,122
Less: Interest	(30,901)
Present Value of Lease Liability	$ 514,221

Total rent expense, which includes the Organization's portion of the rent for the operating office lease was $122,499 for the year ended December 31, 2023. Cash paid for operating leases for the year ended December 31, 2023 totaled $98,567. There were no noncash investing and financing transactions relating to leasing.

8. Availability and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures at December 31, 2023, were as follows:

Cash and cash equivalents	$ 13,335,770
Investments	31,382,776
Grants and contributions receivable	947,478
Total Financial Assets	45,666,024
Less:	
Amounts Not Available to Be Used Within One Year:	
Restricted by donor for time and/or purpose	(7,869,982)
Board-designated for investing to support ongoing operations	(15,000,000)
Board-designated for working capital and program reserve	(7,500,000)
Financial Assets Available to Meet General Expenditures Within One Year	$ 15,296,042

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. Additionally, the Organization has board-designated net assets that could be available for current operations with Board approval, if necessary.

9. Major Grantors

For the year ended December 31, 2023, the Organization recognized revenue of approximately $9,187,672 from seven donors, which is approximately 65% of the Organization's total revenue and support.

10. Pension Plan

The Organization sponsors a 401(k) defined contribution plan (the Plan) for retirement benefits for its employees. Employees who are at least 21 years of age are eligible to participate in the Plan immediately upon employment and become eligible for the employer contribution after

10. Pension Plan (continued)

three months of service. The Organization matches employee contributions up to 5% of an employee's annual compensation. Employees are 100% vested in the employer portion of their accounts after one year of service. When an eligible employee leaves the Organization, unvested funds are reallocated to the other participants as part of the Organization's contribution to the Plan for the year. Total pension expense was $358,797 for the year ended December 31, 2023.

In addition, the Organization sponsors a retirement plan for the employees working in Namati's Kenya office. The Organization contributes 9% of an eligible employee's monthly salary and the employees are immediately vested in the employer contribution. The Organization contributed $37,356 to this plan for the year ended December 31, 2023.

11. Related Party Transactions

A member of the Board, who is also Namati's President, serves as a member of the Board of Directors for Namati Sierra Leone. Namati made grants totaling $935,005 to Namati Sierra Leone during the year ended December 31, 2023. It is Namati's policy for a Board member to recuse himself or herself from voting on any proposed grant to an organization of which he or she is also a board member or officer.

On October 12, 2021, Namati established Namati Action, Inc., a 501(c)(4) organization, to advance social and environmental and social justice through legislative and policy advocacy. During the year ended December 31, 2023, Namati Action, Inc. had limited transactions related to setting up the organization.

During the year ended December 31, 2022, Namati invested in an investment fund that is managed by one of the Board of Directors. It is Namati's policy for a Board member to recuse himself or herself from voting on any investments in which he or she is involved in. Subsequent to year-end, Namati sold all the investment share in this fund for estimated fair value as of December 31, 2023 and received sale proceeds amounting to 97% of estimated fair value in the month of January 2024. The holdback amount of 3% of estimated fair value will be received at a later dated.

12. Income Taxes

Namati is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required for the year ended December 31, 2023, as Namati had no net unrelated business income. In addition, Namati Kenya is subject to local taxes in the jurisdictions in which it operates. All local taxes required by Kenyan laws have been accrued as of December 31, 2023 in the amount of $24,335 and included in office expenses in the accompanying consolidated statement of functional expenses.

12. Income Taxes (continued)

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

The Organization evaluated its uncertainty in income taxes for the year ended December 31, 2023, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status, and there are currently no audits for any open tax periods pending or in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense. As of December 31, 2023, the Organization had no accruals for interest and/or penalties.

13. Summarized Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional area. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Namati's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

14. Subsequent Events

In the preparation of the consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 25, 2024, the date the consolidated financial statements were available to be issued. Except as discussed in note 11 above, there were no other subsequent events that require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

NAMATI, INC. AND AFFILIATE

SCHEDULE OF REVENUE AND EXPENSES BY FUNDER
For the Year Ended December 31, 2023

	American Council of Learned Societies	American Jewish World Service	Climate Works Foundation	Department of State	Environmental Defense Fund	Stitiching Foundation for International Law for the Environment	Gaudio Family Foundation	Generation Foundation	Department of Foreign Affairs, Trade and Development, Canada	Hampshire Foundation	Henry Luce Foundation
REVENUE AND SUPPORT											
Grants and contributions	$ 78,000	$ -	$ 275,000	$ 204,672	$ -	$ 125,000	$ 175,000	$ -	$ 177,112	$ 150,000	$ 100,000
Investment income	-	479	-	-	-	-	-	-	2,678	-	-
In-kind contribution	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE AND SUPPORT	78,000	479	275,000	204,672	-	125,000	175,000	-	179,790	150,000	100,000
EXPENSES											
Salaries	63,817	10,241	-	13,084	-	64,301	20,250	3,548	72,024	9,304	37,448
Fringe benefits	14,968	2,402	-	3,069	-	15,082	4,750	832	16,893	2,182	8,782
Consultants and professional fees	-	1,265	-	84,950	-	22,151	-	-	30,040	-	13,478
Travel	-	2,526	-	20,155	-	6,056	-	-	8,047		7,864
Other costs	-	776	-	2,290	-	163	-	4,471	1,778	152	295
Subcontracts	-	-	-	65,118	30,400	-	150,000	-	22,185	-	-
Program support	-	3,270	-	16,006	3,050	20,473	-	1,770	18,116	2,327	12,895
				-							
TOTAL EXPENSES	78,785	20,480	-	204,672	33,450	128,226	175,000	10,621	169,083	13,965	80,762
CHANGE IN NET ASSETS	$ (785)	$ (20,001)	$ 275,000	$ -	$ (33,450)	$ (3,226)	$ -	$ (10,621)	$ 10,707	$ 136,035	$ 19,238

See independent auditors' report on supplementary information.

NAMATI, INC. AND AFFILIATE

SCHEDULE OF REVENUE AND EXPENSES BY FUNDER
For the Year Ended December 31, 2023

(continued)

	International Development Research Centre	International Institute for Environment & Development	JPB Foundation	Korean International Cooperation Agency	Luminate Foundation	Morton K. and Jane Blaustein Foundation	Mott Foundation	My Justice	Nathan Cumimings Foundation	NRF Voice	NYU
REVENUE AND SUPPORT											
Grants and contributions	$ 266,548	$ 687,309	$ 1,200,000	$ 887,672	$ 500,000	$ -	$ -	$ 132,140	$ 96,150	$ 10,694	$ 33,551
Investment income	46,979	245	30,940	12,222	-	-	-	-	-	-	-
In-kind contribution	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE AND SUPPORT	313,527	687,554	1,230,940	899,894	500,000	-	-	132,140	96,150	10,694	33,551
EXPENSES											
Salaries	165,636	117,603	443,601	177,156	67,982	12,555	163,598	-	-	4,447	40,957
Fringe benefits	38,848	27,583	104,042	41,550	15,945	2,945	38,366	-	-	1,043	(431)
Consultants and professional fees	12,990	26,141	98,360	17,640	19,533	1,600	-	33,383	-	1,206	-
Travel	49,927	29,486	47,017	110,705	35,426	-	6,714	7,558	-	-	-
Other costs	5,187	4,902	38,976	46,072	14,578	47	675	(3)	-	3,998	-
Subcontracts	348,250	451,690	183,200	416,979	4,692	-	-	90,989	-	-	-
Program support	80,709	92,036	174,530	121,515	56,441	14,500	10,891	13,192	-	-	-
TOTAL EXPENSES	701,547	749,441	1,089,726	931,617	214,597	31,647	220,244	145,119	-	10,694	40,526
CHANGE IN NET ASSETS	$ (388,020)	$ (61,887)	$ 141,214	$ (31,723)	$ 285,403	$ (31,647)	$ (220,244)	$ (12,979)	$ 96,150	$ -	$ (6,975)

See independent auditors' report on supplementary information.

NAMATI, INC. AND AFFILIATE

SCHEDULE OF REVENUE AND EXPENSES BY FUNDER
For the Year Ended December 31, 2023

(continued)

	Packard Foundation	Silicon Valley Community Foundation	Target Foundation	The Schmidt Family Foundation	The Christensen Fund	The William & Flora Hewlett Foundation	Tinker Foundation	Other Revenues	W.K. Kellogg Foundation	Anonymous	Total
REVENUE AND SUPPORT											
Grants and contributions	$ 125,000	$ 25,000	$ 1,000,000	$ 50,000	$ -	$ 1,150,000	$ -	$ 4,186,776	$ 2,500,000	$ 50,000	$ 14,185,624
Investment income	-	-	3,865	-	-	-	494	2,282,679	-	-	2,380,581
In-kind contribution	-	-	-	-	5,500	-	-	-	-	-	5,500
Other income	-	-	-	-	-	-	-	508	-	-	508
TOTAL REVENUE AND SUPPORT	125,000	25,000	1,003,865	50,000	5,500	1,150,000	494	6,469,963	2,500,000	50,000	16,572,213
EXPENSES											
Salaries	-	-	-	-	53,139	404,766	(4,808)	2,411,149	507,025	67,797	4,926,620
Fringe benefits	-	-	-	-	12,463	94,918	(1,128)	575,566	118,918	15,901	1,155,489
Consultants and professional fees	-	-	-	-	5,400	258	-	562,503	136,853	2,421	1,070,172
Travel	-	-	-	-	4,116		1,343	338,250	151,414	60,319	886,923
Other costs	-	-	-	-	6,312	58	(87)	577,116	17,369	7,139	732,264
Subcontracts	-	-	-	63,071	64,658		49,390	1,373,206	704,242	-	4,018,070
Program support	-	-	-	11,352	21,913		6,707	(986,845)	278,093	27,059	-
TOTAL EXPENSES	-	-	-	74,423	168,001	500,000	51,417	4,850,945	1,913,914	180,636	12,789,538
CHANGE IN NET ASSETS	$ 125,000	$ 25,000	$ 1,003,865	$ (24,423)	$ (162,501)	$ 650,000	$ (50,923)	$ 1,619,018	$ 586,086	$ (130,636)	$ 3,782,675

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