

# **PANZI**

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# **FOUNDATION**

**PANZI FOUNDATION**  
*(A Maryland not-for-profit corporation)*

**AUDITED FINANCIAL STATEMENTS**  
**As of December 31, 2020**

*With comparative statements for the year ended December 31, 2019*

**TOGETHER WITH**  
**INDEPENDENT AUDITOR'S REPORT**

**PANZI FOUNDATION**  
*(A California not-for-profit corporation)*

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HZ CPAs & Advisors, P.C.

To the Board of Directors  
Panzi Foundation  
Bethesda, Maryland

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of Panzi Foundation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flow for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the organization's 2019 financial statements and in the report dated March 25, 2020; an unmodified opinion was expressed on those financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Panzi Foundation as of December 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 16, 2021 on our consideration of Panzi Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Panzi Foundation's internal control over financial reporting and compliance.

*HZ CPAs & Advisors, P.C.*

Buena Park, California  
February 16, 2021

**PANZI FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
As of December 31, 2020  
(With comparatives as of December 31, 2019)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 580,872	\$ 604,425
Accounts receivable	574,357	196,026
Other assets	<u>1,269</u>	<u>236</u>
<b>Total current assets</b>	<u>1,156,498</u>	<u>800,687</u>
<b>Property and equipment:</b>		
Furniture and equipment (Note 2)	424	424
Less: accumulated depreciation (Note 2)	<u>(424)</u>	<u>(424)</u>
<b>Net property and equipment</b>	<u></u>	<u></u>
<b>TOTAL ASSETS</b>	<u>\$ 1,156,498</u>	<u>\$ 800,687</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 512,311	\$ 49,714
SBA PPP Loan	<u>50,000</u>	<u></u>
<b>Total current liabilities</b>	<u>562,311</u>	<u>49,714</u>
<b>Total liabilities</b>	<u>562,311</u>	<u>49,714</u>
<b>Net assets:</b>		
Net assets without donor restrictions	<u>594,187</u>	<u>750,973</u>
<b>Total net assets</b>	<u>594,187</u>	<u>750,973</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,156,498</u>	<u>\$ 800,687</u>

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

**PANZI FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2020  
(With comparative totals for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
<b>SUPPORT AND REVENUES:</b>		
Corporate and foundation grants	\$ 1,217,577	\$ 684,480
Individual and small business contributions	404,011	576,967
Donated goods and services	<u>12,181</u>	<u>10,243</u>
<b>Total support and revenues</b>	<u>1,633,769</u>	<u>1,271,690</u>
<b>EXPENSES:</b>		
Program services	1,659,760	855,228
Management and general	77,929	70,777
Fundraising	<u>52,866</u>	<u>88,668</u>
<b>Total expenses</b>	<u>1,790,555</u>	<u>1,014,673</u>
<b>Increase in net assets</b>	(156,786)	257,017
Net assets, beginning of the year	<u>750,973</u>	<u>493,956</u>
<b>Net assets, end of the year</b>	<u><u>\$ 594,187</u></u>	<u><u>\$ 750,973</u></u>

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

**PANZI FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2020  
(With comparative totals for the year ended December 31, 2019)

	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total expenses</u>	<u>2019 Expenses</u>
<b>EXPENSES</b>					
Awards and grants	\$ 1,506,529	\$	\$	\$ 1,506,529	\$ 569,916
Salaries and wages	89,571	12,708	47,085	149,364	240,083
Payroll taxes	6,726	1,367	3,578	11,671	18,569
Contract service expenses	26,443	45,688		72,131	43,453
Travels and meetings expenses	18,007	441	975	19,423	112,019
Printing and copying					305
Website and database		5,561		5,561	2,251
Insurance		550		550	550
Postage, shipping, and mailing services		1,684		1,684	1,184
Supplies	132	54		186	350
Advertising expenses		75		75	755
Bank fees		7,754	1,228	8,982	11,220
Donated goods and services	12,181			12,181	10,243
Depreciation expense					46
Other expenses	171	2,047		2,218	3,729
<b>Total expenses</b>	<u>\$ 1,659,760</u>	<u>\$ 77,929</u>	<u>\$ 52,866</u>	<u>\$ 1,790,555</u>	<u>\$ 1,014,673</u>

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

**PANZI FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2020  
(With comparative totals for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ (156,786)	\$ 257,017
<b>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</b>		
Depreciation		46
<b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in assets:		
Accounts receivable	(378,331)	(26,179)
Other assets	(1,033)	
Increase (decrease) in liabilities:		
Accounts payable	<u>462,597</u>	<u>(36,750)</u>
<b>Net cash provided by operating activities</b>	<u>(73,553)</u>	<u>194,134</u>
<b>Cash flows from financing activities:</b>		
Proceeds from SBA PPP Loan	<u>50,000</u>	
<b>Net cash provided by financing activities</b>	<u>50,000</u>	
<b>Net increase/(decrease) in cash</b>	<u>(23,553)</u>	<u>194,134</u>
Cash - beginning of the year	<u>604,425</u>	<u>410,291</u>
<b>Cash - end of the year</b>	<u><u>\$ 580,872</u></u>	<u><u>\$ 604,425</u></u>

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



**PANZI FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF ACTIVITIES**

**ORGANIZATION**

Panzi Foundation (also referred to as Panzi Foundation USA) is a Maryland Not-For-Profit Corporation that raises funds and awareness to support the mission of Panzi Hospital and Panzi Foundation DRC in the Democratic Republic of the Congo (DRC). For much of the past 20 years, the DRC has been devastated by war and an epidemic of sexualized violence. Since its founding by Dr. Denis Mukwege (2018 Nobel Peace Prize Laureate) in 1999, the doctors of Panzi Hospital have treated more than 65,000 women and girls who have been raped and become experts in addressing complex gynecological trauma.

Recognizing that physical healing was not enough, Panzi developed a world-renowned four-pillar holistic healing model that meets the full spectrum of needs for survivors of sexual violence. Panzi creates a safe space that supports not only women's physical healing, but fosters their emotional recovery, helps rebuild their livelihoods, and contributes to the long-term, sustainable restoration of their communities.

To support these efforts, Panzi Foundation USA engages in strategic advocacy to end violence against women in the DRC and in other conflict-afflicted countries around the world and raises funds for the work implemented on the ground in DRC. Panzi Foundation USA also works with its counterparts in the DRC to amplify expert Congolese voices addressing the root causes of violence against women and girls, and ensure those voices are at the forefront of the policy, advocacy and philanthropic conversations here in the US and around the world.

**About Panzi Hospital:**

Dr. Denis Mukwege founded Panzi Hospital in 1999 as a response to the devastating war that engulfed his community in the eastern provinces of the Democratic Republic of Congo. As a direct outcome of the war, maternal mortality was on the rise, and Dr. Mukwege, a French trained pediatrician and gynecological surgeon, hoped to improve access to cesarean sections and other obstetric interventions. His first patient, however, was not a mother in labor; she was a survivor of rape, whose reproductive organs had been brutally attacked and horribly injured. As violence against women and girls escalated dramatically in the context of Congo's wars, Dr. Mukwege and the staff of Panzi Hospital dedicated significant hospital resources to treating women with fistulas (an injury that ruptures the barrier between the vaginal canal and the bladder and/or colon that then leaks causing infection and other health and social problems) and other complex gynecological injuries - both traumatic (caused by sexual violence) and obstetric (caused by absence of, or poor, maternal care). In 2018, Dr. Mukwege was a recipient of the Nobel Peace Prize for "efforts to end the use of sexual violence as weapon of war and armed conflict".

**PANZI FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF ACTIVITIES (continued)**

While it is world-renowned for its best-in-class service treating survivors of sexual violence and complex gynecological injuries, Panzi Hospital's impact on the community runs much deeper. For 20 years, Panzi Hospital has pursued the mission of assuring quality holistic care for the population of South Kivu and beyond in the DRC through improved health care service delivery, community outreach activities, and advocacy. The hospital is located 8 kilometers (5 miles) from the center of Bukavu in eastern DRC. It is the general reference hospital for the Ibanda Health Zone and accepts patients from throughout the region. Over the years, the hospital has expanded its services in response to the needs of the population. It now has 4 main departments:

- Department of General Internal Medicine, including cardiology, pulmonology, rheumatology, and a dialysis unit;
- Department of Surgery, including an anesthesiology service and an intensive care unit;
- Department of Gynecology and Obstetrics, including a maternity ward;
- Department of Pediatrics, including a neonatology unit.

Additionally, the following services are offered at the hospital:

- Outpatient clinics for family medicine, ear, nose and throat (ENT), dermatology, a dental clinic and an Optometrist;
- A radiology unit including a mammography unit and echography;
- Endoscopy unit;
- Laboratory;
- Blood bank;
- Psychotherapeutic.

**The Panzi Response: Caring for the Whole Woman and Whole Community**

Congolese women must have the ability to play a central role in the reconstruction of their broken society - but to do so, survivors of sexual violence must receive holistic care to help them recover, to give them new networks, tools, and options for economic and social empowerment. Panzi Hospital treats thousands of women a year with complex gynecological injuries, including obstetric and traumatic fistula, as well as other injuries from rape and sexualized violence. The hospital currently has 450 beds, half of which are reserved for survivors of sexual violence. Treating fistula often involves multiple delicate surgeries, followed by a prolonged period of recovery.

Some of the women treated at Panzi Hospital are unable or unwilling to return home after medical treatment, abandoned by their husbands and rejected by their families and villages due to the stigma associated with rape and/or fistula. Some are displaced due to the destruction of their homes

**PANZI FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF ACTIVITIES (continued)**

or villages and some have no surviving family members. Others may be unable to live independently due to injuries or diseases such as HIV/AIDS. With no place to go, they would attempt to live somewhere in the vicinity of the hospital. They were unable to afford school fees and adequate housing, putting their children in a cycle of vulnerability to continued violence.

Panzi's holistic model of care now provides survivors of sexual violence with services that meet the full spectrum of their needs: physical recovery, emotional recovery, education and vocational training, community reintegration support, and legal assistance. In addition, we make critical investments in building the capacity of civil society organizations doing the grassroots work to rebuild their communities on principles of human rights and partnership between men and women.

**Current programs include:**

*Maison Dorcas and Rural Dorcas - Innovative and Holistic Aftercare for Survivors*

Panzi Hospital USA supports a critical component of Panzi Hospital's services: the holistic aftercare provided at Maison Dorcas. At Maison Dorcas, located adjacent to Panzi Hospital, women and girls who are otherwise unable to return home after their medical treatment receive housing, meals, and access to the full suite of holistic recovery support provided by Panzi, all in a protected, collaborative and supportive environment. These programs include therapeutic counseling, job skills training, literacy and numeracy classes, micro-grants and loans for small businesses, and outreach projects to rural communities. At any one time, Maison Dorcas can accommodate 180 vulnerable women and children. The ultimate goal of the Maison Dorcas staff is to heal and build the resilience of the whole woman and her family.

Women stay on average for three months, in clean, safe and comfortable dormitory-style rooms. Maison Dorcas is able to make accommodations for women with dependent children, determined on a case-by case basis, so that all women who can benefit from Panzi Hospital's therapeutic and community-reintegration services can access those programs without concern for childcare. They also receive a reintegration kit upon graduation from the Maison Dorcas training programs, which allows them to launch income generating activities and start down the road to economic independence.

Some women, however, choose to return to their rural homes as rapidly as they can. When this is the case, the survivors forego the urban Maison Dorcas option in order to return home. To address this, Panzi has created a number of "Rural Dorcas" locations to provide livelihoods and other services to women in their own communities.

**PANZI FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF ACTIVITIES (continued)**

*One Stop Centers, Mobile Clinics, and Rapid Response Missions*

Unfortunately, many rapes are committed in hard to reach, last-mile communities that have little access to health care infrastructure or holistic care services. Panzi is committed to providing as many survivors with comprehensive post-rape care as possible, regardless of their distance from our health centers. To do this, we deploy mobile clinics and rapid response missions to treat mass rapes in active conflict zones, and partner with rural health centers to provide them with post-rape kits. In addition, we are expanding access to holistic care by building “One Stop Centers,” which are essentially “mini-Panzis” where survivors can access all four pillars of our holistic healing model in one location – thus negating the need to travel to multiple aid agencies or organizations to receive comprehensive care. Panzi currently has two rural One Stop Centers, Mulamba Hospital and Bulenga Hospital, and one in the urban capital of Kinshasa, called the Panzi Clinic.

*ICART - Data-Driven Research and Program Evaluation*

A joint initiative between our partners at Panzi Foundation DRC and the Evangelical University in Africa (UAE), the International Center for Advanced Research and Training (ICART) aims to improve research capacity at Panzi Hospital by training physicians and staff on research methods, conducting ethical research on human subjects, management and analysis, scientific writing and presentations, and publication. Staff and faculty gain the skills necessary to become strong voices and leaders in the international research community, addressing the needs and future direction of DRC with data-driven, evidence-based recommendations for both the policy and philanthropic communities.

*Badilika - Investment in Community and Civil Society and Global Advocacy*

Panzi’s innovative Badilika (“Change” in Swahili) Program works to increase the accountability of the Congolese government to protect human rights, reduce women’s vulnerability, and improve governance. By making critical investments in local Congolese civil society organizations and providing them with technical support and training, Badilika staff works so that more Congolese citizens are aware of their rights, their responsibilities, and the accountability they should be able to insist on and expect from their leaders. By supporting coalitions, the Badilika team is building civil society’s capacity to address the root causes of violence and rebuild Congolese communities on the principles of justice, human rights, and gender equality.

In the USA, Panzi Foundation works to raise awareness about the crisis in Congo and the scourge of violence against women more broadly. We work to help organize and activate individuals and groups in effective advocacy campaigns in support of policies that can help end the conflicts at the

**PANZI FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF ACTIVITIES (continued)**

root of this violence. Panzi Foundation USA will continue to use its platform to strengthen Dr. Mukwege's voice and to help position Panzi Hospital and Foundation's doctors, nurses, and other practitioners as thought-leaders and experts.

In the USA, Panzi Foundation works to raise awareness about the crisis in Congo and the scourge of violence against women more broadly. We work to help organize and activate individuals and groups in effective advocacy campaigns in support of policies that can help end the conflicts at the root of this violence. Panzi Foundation USA will continue to use its platform to strengthen Dr. Mukwege's voice and to help position Panzi Hospital and Foundation's doctors, nurses, and other practitioners as thought-leaders and experts.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**FINANCIAL STATEMENT PRESENTATION**

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, "Not-for-Profit Organizations."

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The Financial Accounting Standards Board (FASB) issued an Accounting Standard Update in August 2016 to require classification of net assets into two categories. Panzi Foundation has adopted this method:

*Net assets without donor restrictions* – Net assets that are not subject to any donor-imposed stipulations.

*Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions on their special purpose other than normal programs and operations. For example, contributions received for fixed asset acquisitions will be recorded as net assets with donor restrictions. Perpetual restrictions such as endowment are another example. Below is a general reference of comparison between previously reported categories and the new reporting convention.

<b>Previously reported</b>	<b>New reporting</b>
Unrestricted net assets	Net assets without donor restrictions
Temporarily restricted	Net assets with donor restrictions
Permanently restricted	

**PANZI FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FINANCIAL STATEMENT PRESENTATION (continued)**

In the year ended 2020, there were no unfulfilled donor-imposed restrictions.

**ESTIMATES**

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

**CASH AND CASH EQUIVALENTS**

For purposes of the Statement of Cash Flows, Panzi Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**COMPARATIVE FINANCIAL INFORMATION**

The financial statements include certain prior-year summarized comparative information in totals but not by net asset classes. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Panzi Foundation's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

**PROPERTY AND EQUIPMENT**

Property and equipment are capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life.

Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

**PANZI FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**INCOME TAXES**

Panzi Foundation is a not-for-profit organization that is exempt from Federal and state income taxes under the Internal Revenue Code Section 501(c) (3) and the California State Revenue and Taxation Code 23701 (d) except on net income derived from unrelated business activities. Panzi Foundation's management believes that it has support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Panzi Foundation's Forms 990, Return of Organization Exempt from Income Tax for the years ending December 31, 2018, 2019, and 2020 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

**CONTRIBUTED GOODS AND SERVICES**

The accompanying financial statements include amounts of materials, equipment and services donated to Panzi Foundation. The basis of valuation of these donations is generally in-house appraisal or fair market value as indicated by the person or agency making the donation. Included in revenue and expenses are \$12,181 of in-kind contributions for the year ended December 31, 2020.

**ALLOCATED EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon salary expenses.

**NOTE 3 - LIQUIDITY OF ORGANIZATION**

According to Accounting Standard Update (ASU) 2016-14, Panzi Foundation's management has evaluated how the organization manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet. Panzi Foundation USA engages in strategic advocacy to end violence against women in the Congo and in other conflict-afflicted countries around the world and provides grants to Panzi Hospital and Panzi Foundation DRC to heal women and restore their lives. Panzi Foundation has a cohesive team that has won respect in the field and by funders. Panzi Foundation has \$1,156,498 in current assets and \$562,311 in current liabilities at December 31, 2020, with a current ratio 2:1. Among the current assets, \$580,872 is

**PANZI FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – LIQUIDITY OF ORGANIZATION (continued)**

cash and cash equivalents. The general expenses of the organization were \$1,790,555 in 2020, and there was \$1,633,769 in current revenue to cover the expenses.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment are summarized as follows at December 31, 2020:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Furniture and equipment	\$ <u>424</u>	\$ <u>(424)</u>	\$ <u></u>
Net property and equipment	\$ <u>424</u>	\$ <u>(424)</u>	\$ <u></u>

Depreciation expense for the year ended December 31, 2020 was \$0.

**NOTE 5 - CASH AND CASH EQUIVALENTS**

The organization's cash, \$580,872 as of December 31, 2020, is held in financial institutions which are either insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per banking institution, or certain non-interest bearing accounts that are fully insured by the FDIC. As of December 31, 2020, the organization had cash that was exposed to uninsured deposit risk in the amount of \$80,895.

**NOTE 6 - SUBSEQUENT EVENTS**

Panzi Foundation's management has evaluated subsequent events for the period from January 1, 2020 through February 16, 2021, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.



**SUPPLEMENTARY INFORMATION SECTION REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**



HZ CPAs & Advisors, P.C.

To the Board of Directors  
Panzi Foundation  
Bethesda, Maryland

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the auditing standards generally accepted in the United States of American and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Panzi Foundation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 16, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Panzi Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Panzi Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Panzi Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Panzi Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*HZ CPAs & Advisors, P.C.*

Buena Park, California  
February 16, 2021