

HEALTHED CONNECT, INC.

FINANCIAL STATEMENTS

December 31, 2020 and 2019

IFFT & CO. PA

Certified Public Accountants

11030 Granada Lane • Suite 100 • Overland Park, Kansas 66211
Tel 913-345-1120 • Fax 913-345-0724 • E-mail info@ifftcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
HealthEd Connect, Inc.
Independence, Missouri

Report on Financial Statements

We have audited the accompanying financial statements of HealthEd Connect, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HealthEd Connect, Inc. as of December 31, 2020 and 2019 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedule of Overhead Costs is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

IFF + Co. PA

June 24, 2021

HEALTHED CONNECT, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 666,531	382,071
Investments	<u>34,682</u>	<u>99,819</u>
TOTAL CURRENT ASSETS	701,213	481,890
INVESTMENTS LIMITED AS TO USE	<u>70,890</u>	<u>70,890</u>
TOTAL ASSETS	<u>\$ 772,103</u>	<u>552,780</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 567	421
Accrued payroll	786	-
Payroll tax liabilities	2,684	2,083
Current portion of long-term debt	<u>7,854</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	11,891	2,504
LONG-TERM DEBT, less current portion	<u>6,446</u>	<u>-</u>
TOTAL LIABILITIES	18,337	2,504
NET ASSETS		
Without donor restrictions		
Undesignated	429,661	249,356
Board-designated	<u>99,045</u>	<u>86,376</u>
Total without donor restrictions	528,706	335,732
With donor restrictions		
Purpose restrictions	154,104	143,654
Perpetual in nature	<u>70,956</u>	<u>70,890</u>
Total with donor restrictions	<u>225,060</u>	<u>214,544</u>
TOTAL NET ASSETS	<u>753,766</u>	<u>550,276</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 772,103</u>	<u>552,780</u>

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

HEALTHED CONNECT, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support			
Contributions	\$ 331,847	113,312	445,159
Donated services, rent, and equipment	379,491	-	379,491
Sales and events	508	-	508
Investment return	4,121	6,782	10,903
Other income	7,911	-	7,911
Net assets released from restrictions	<u>109,578</u>	<u>(109,578)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	833,456	10,516	843,972
EXPENSES			
Program services			
Health, education, and projects	543,771	-	543,771
Advocacy	<u>50</u>	<u>-</u>	<u>50</u>
Total program services	543,821	-	543,821
Support services			
Fundraising	15,684	-	15,684
Management and general	<u>80,977</u>	<u>-</u>	<u>80,977</u>
Total support services	<u>96,661</u>	<u>-</u>	<u>96,661</u>
TOTAL EXPENSES	<u>640,482</u>	<u>-</u>	<u>640,482</u>
CHANGE IN NET ASSETS	192,974	10,516	203,490
NET ASSETS, BEGINNING OF YEAR	<u>335,732</u>	<u>214,544</u>	<u>550,276</u>
NET ASSETS, END OF YEAR	<u>\$ 528,706</u>	<u>225,060</u>	<u>753,766</u>

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

HEALTHED CONNECT, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support			
Contributions	\$ 284,193	118,819	403,012
Donated services, rent, and equipment	330,256	-	330,256
Sales and events	16,766	-	16,766
Investment return	4,307	9,418	13,725
Other income	54,350	-	54,350
Net assets released from restrictions	<u>99,969</u>	<u>(99,969)</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUE	 789,841	 28,268	 818,109
EXPENSES			
Program services			
Health, education, and projects	605,792	-	605,792
Advocacy	<u>3</u>	<u>-</u>	<u>3</u>
Total program services	605,795	-	605,795
 Support services			
Fundraising	18,845	-	18,845
Management and general	<u>80,192</u>	<u>-</u>	<u>80,192</u>
Total support services	99,037	-	99,037
 TOTAL EXPENSES	 <u>704,832</u>	 <u>-</u>	 <u>704,832</u>
 CHANGE IN NET ASSETS	 85,009	 28,268	 113,277
 NET ASSETS, BEGINNING OF YEAR	 <u>250,723</u>	 <u>186,276</u>	 <u>436,999</u>
 NET ASSETS, END OF YEAR	 <u>\$ 335,732</u>	 <u>214,544</u>	 <u>550,276</u>

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

HEALTHED CONNECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services			Support Services			Total Expenses
	Health, Education, and Projects	Advocacy	Total	Fundraising	Management and General	Total	
Salary expense - donated	\$ 64,000	-	64,000	2,750	28,250	31,000	95,000
Project costs, including salary and payroll tax expense of \$55,150	460,090	50	460,140	-	1,698	1,698	461,838
Administrative and gift processing fees	-	-	-	-	17	17	17
Consulting - donated	1,500	-	1,500	1,550	-	1,550	3,050
Bank fees	540	-	540	-	5,856	5,856	6,396
Printing and postage	-	-	-	974	3,476	4,450	4,450
Professional fees	-	-	-	-	18,193	18,193	18,193
Professional fees - donated	-	-	-	-	3,500	3,500	3,500
Personnel and related costs	2,239	-	2,239	9,657	13,375	23,032	25,271
Rent - donated	15,402	-	15,402	544	2,174	2,718	18,120
Meals and meetings	-	-	-	8	820	828	828
Insurance	-	-	-	-	1,670	1,670	1,670
Supplies and office expense	-	-	-	201	1,948	2,149	2,149
TOTAL EXPENSES	\$ 543,771	50	543,821	15,684	80,977	96,661	640,482

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

HEALTHED CONNECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program Services			Support Services			Total Expenses
	Health, Education, and Projects	Advocacy	Total	Fundraising	Management and General	Total	
Salary expense - donated	\$ 86,063	-	86,063	5,738	22,949	28,687	114,750
Project costs, including salary and payroll tax expense of \$44,562	499,712	-	499,712	-	-	-	499,712
Administrative and gift processing fees	-	-	-	-	4,590	4,590	4,590
Consulting - donated	2,175	-	2,175	2,250	-	2,250	4,425
Bank fees	-	-	-	-	3,833	3,833	3,833
Mileage - donated	1,553	-	1,553	-	-	-	1,553
Printing and postage	-	-	-	809	8,221	9,030	9,030
Professional fees	-	-	-	-	11,548	11,548	11,548
Professional fees - donated	-	-	-	-	2,100	2,100	2,100
Personnel and related costs	-	-	-	8,175	17,984	26,159	26,159
Rent - donated	15,402	-	15,402	544	2,174	2,718	18,120
Events and promotion	887	-	887	876	614	1,490	2,377
Meals and meetings	-	3	3	337	1,132	1,469	1,472
Insurance	-	-	-	-	1,670	1,670	1,670
Supplies and office expense	-	-	-	116	3,377	3,493	3,493
TOTAL EXPENSES	\$ 605,792	3	605,795	18,845	80,192	99,037	704,832

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

HEALTHED CONNECT, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 203,490	113,277
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized gains on investments	(4,985)	(8,964)
Realized (gains) losses on sale of investments	(1,657)	101
Contributions restricted in perpetuity	(66)	(16,182)
Changes in operating assets and liabilities		
Accounts payable	146	(152)
Accrued payroll	786	-
Payroll tax liabilities	<u>601</u>	<u>275</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>198,315</u>	<u>88,355</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(5,402)	(97,146)
Proceeds from sale of investments	<u>77,181</u>	<u>10,921</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>71,779</u>	<u>(86,225)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted in perpetuity	66	16,182
Proceeds from long-term debt	<u>14,300</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>14,366</u>	<u>16,182</u>
CHANGE IN CASH AND CASH EQUIVALENTS	284,460	18,312
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>382,071</u>	<u>363,759</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 666,531</u></u>	<u><u>382,071</u></u>

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

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

HealthEd Connect, Inc. (the Organization) was organized as a not-for-profit corporation in Missouri, and is recognized as a 501(c)(3) not-for-profit corporation. The mission of the Organization is to empower women and children in evidence-based health, education, and advocacy programs. Current projects are in Zambia, Malawi, Congo (DRC), and Nepal. Development of community schools, adequate nutrition, accessible health care, emotional support for orphans and their caregivers, and local income-generating projects are major program emphases.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting.

Cash Equivalents

The Organization considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The Organization’s Board of Directors has designated, from net assets without donor restrictions, funds to be maintained as various maintenance and repairs funds, a general endowment fund, and a reserve fund.
- Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In-kind Contributions

Approximately 40% to 50% of the resources for the operations of the Organization are provided by volunteers and other in-kind donations each year.

Accounting principles general accepted in the United States of America (GAAP) require recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. International volunteer time has been valued at \$5 per hour based on the local rates of the region. Other in-kind donations are recorded at their estimated value based on market rates.

Office space is provided by Graceland University.

Income Taxes

The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income taxes has been included in the accompanying financial statements.

The Organization recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Organization is subject to income tax regulations in the U.S. federal jurisdiction and certain state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Organization is no longer subject to income tax examinations by the applicable tax authorities for the years before 2017. If any were to be incurred, the Organization's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the accompanying statements of activities. The accompanying statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefitted.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of 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.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 retains a distinction between operating leases and financing leases, and the classification criteria is substantially similar to previous lease guidance. The main change in the new guidance is the requirement for all leases to be recognized on the statement of financial position at the present value of lease payments. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) - Effective Dates for Certain Entities*, that delayed the effective date of ASU 2016-02, such that the amendments are now required to be adopted for the Organization's January 1, 2022 financial statements. Early adoption is permitted. The Organization is currently evaluating the expected impact on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) - Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will change the presentation and disclosure for contributions other than financial assets. The Organization will adopt ASU 2020-07 in the reporting period beginning January 1, 2022. The Organization is currently evaluating the expected impact on the financial statements.

Subsequent Events

Subsequent events have been evaluated through June 24, 2021, which is the date the financial statements were available to be issued.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 666,531	382,071
Investments	<u>105,572</u>	<u>170,709</u>
Financial assets, at year-end	772,103	552,780
Less those unavailable for general expenditure within one year, due to:		
Donor restricted for specified purpose	(154,104)	(143,654)
Donor restricted for perpetuity	(70,956)	(70,890)
Board-designated funds	<u>(99,045)</u>	<u>(86,376)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 447,998</u>	<u>251,860</u>

As part of the Organization's liquidity management plan, the Organization invests cash periodically in investment funds. Additionally, board-designated funds can be released to meet liquidity needs.

Also see Note 8.

NOTE 3 - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. In accordance with ASC 820, the Organization classifies its investments into Level 1 (securities valued using quoted market prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 3 - FAIR VALUE MEASUREMENTS - Continued

The following is a description of the valuation methodologies and inputs for investments measured at fair value pursuant to the valuation hierarchy.

- Certificates of deposit are valued through the use of standard inputs from third-party sources that evaluate fixed income instruments not traded on an active market.
- Mutual funds are valued at the net asset value of the shares held by the Organization at the reporting date.

The following tables summarize the valuation of investments measured at fair value on a recurring basis in the accompanying statements of financial position at December 31, 2020 and 2019, including the additional requirement to classify securities by major category, which is defined as the major security type classifications within ASC 820.

<u>Description</u>	<u>Assets at Fair Value as of December 31, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	7,179	-	7,179
Mutual funds				
U.S. Treasury money market	838	-	-	838
U.S. equity	61,409	-	-	61,409
International equity	19,524	-	-	19,524
Bond funds	<u>16,622</u>	<u>-</u>	<u>-</u>	<u>16,622</u>
	<u>\$ 98,393</u>	<u>7,179</u>	<u>-</u>	<u>105,572</u>

<u>Description</u>	<u>Assets at Fair Value as of December 31, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	88,003	-	88,003
Mutual funds				
U.S. Treasury money market	762	-	-	762
U.S. equity	56,576	-	-	56,576
International equity	18,533	-	-	18,533
U.S. fixed income	<u>6,835</u>	<u>-</u>	<u>-</u>	<u>6,835</u>
	<u>\$ 82,706</u>	<u>88,003</u>	<u>-</u>	<u>170,709</u>

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 4 - INVESTMENT RETURN

Investment return consisted of the following for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 5,336	5,709
Net unrealized gains	4,985	8,964
Net realized gains (losses)	1,657	(101)
Investment fees	<u>(1,075)</u>	<u>(847)</u>
	<u>\$ 10,903</u>	<u>13,725</u>

NOTE 5 - BOARD-DESIGNATED NET ASSETS

Net assets were designated by the Board for the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
Reserve fund	\$ 50,000	50,000
General endowment fund	16,460	13,791
Chips maintenance and repair	10,585	6,585
Kasompe maintenance and repair	12,000	9,000
Zamtan maintenance and repair	<u>10,000</u>	<u>7,000</u>
	<u>\$ 99,045</u>	<u>86,376</u>

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
Purpose restricted		
Professional nursing scholarships	\$ 20,453	11,656
Education scholarships	-	400
Overhead	10,000	40,000
Nepal community health workers	-	4,280
Malawi community health workers	6	6
Global community health workers	2,679	1,190
Girls Achievement Program	40,504	43,468
Keeping in Touch Club	-	931
Libraries	1,975	-
Construction	20,000	-
Emergency response	13,975	-
Nutrition	4,092	2,820
Teacher appreciation	1,208	5,810
Good Life Gardens	615	724
Furnishings and equipment	5,000	-
Furnishings and equipment - Democratic Republic of Congo community health workers	3	498
School support	2,539	-
Nepal flood	-	2,060
Communications centers	6,715	8,071
Intern/mentor	3,002	3,002
	<u>132,766</u>	<u>124,916</u>
Unappropriated endowment earnings restricted for professional nursing scholarships	21,338	18,738
Perpetual in nature	<u>70,956</u>	<u>70,890</u>
	<u>\$ 225,060</u>	<u>214,544</u>

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS - Continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by events specified by the donors as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Professional nursing scholarships	\$ 10,120	2,000
Education scholarships	400	-
Overhead	40,000	40,000
Nepal community health workers	4,280	9,900
Malawi community health workers	-	3,568
Global community health workers	10,511	-
Girls Achievement Program	8,925	13,018
Keeping in Touch Club	931	11,035
Construction	10,500	-
Construction Malawi	-	11,848
Emergency response	7,195	-
Mama Madam	-	1,851
Nutrition	3,958	-
Teacher appreciation	7,927	-
Good Life Gardens	209	400
Furnishings and equipment - Democratic Republic of Congo community health workers	495	900
School support	711	-
Nepal flood	2,060	1,800
Communications centers	1,356	850
Intern/mentor	-	2,799
	<u>\$ 109,578</u>	<u>99,969</u>

NOTE 7 - ENDOWMENT FUNDS

Net assets with perpetual donor restrictions are restricted for scholarships and held in an endowment. Additional funds are held in a board-designated endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 7 - ENDOWMENT FUNDS - Continued

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as perpetual donor restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual donor restrictions is classified as net assets restricted as to purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment assets while seeking to maintain the purchasing power of the endowment assets. The endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year may vary from the desired amount. The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places emphasis on certificates of deposit, government securities, and equity-based investments.

The endowment has a policy of annually appropriating the amounts necessary to cover scholarships and operations not to exceed 5% of the endowment balance.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 7 - ENDOWMENT FUNDS - Continued

The transactions related to endowment funds for the years ended December 31, 2020 and 2019 were as follows:

	<u>Board-</u> <u>designated</u>	<u>Unappropriated</u> <u>earnings</u>	<u>Perpetual</u> <u>in nature</u>
Balance at December 31, 2018	\$ 5,263	12,320	54,708
Contributions	5,182	-	16,182
Investment return	3,346	9,418	-
Distributions	<u>-</u>	<u>(3,000)</u>	<u>-</u>
Balance at December 31, 2019	13,791	18,738	70,890
Contributions	-	-	66
Investment return	2,669	6,782	-
Distributions	<u>-</u>	<u>(4,182)</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 16,460</u>	<u>21,338</u>	<u>70,956</u>

NOTE 8 - LIQUIDITY ACCESS LINE

During the year ended December 31, 2018, the Organization established a liquidity access line with its investment manager. The advance limit fluctuates based on the value and the loan advance rates of the securities in the collateral accounts. No amount was drawn on this line during the years ended December 31, 2020 or 2019.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 9 - IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Chief executive officer salary	\$ 55,000	50,000
Chief financial officer salary	40,000	35,000
Travel and field advisor	-	29,750
Mileage	-	1,553
Rent	18,120	18,120
Professional services	3,500	2,100
Consulting	3,050	4,425
African and Nepalese volunteers	247,888	189,308
Soccer equipment	<u>11,933</u>	<u>-</u>
	<u>\$ 379,491</u>	<u>330,256</u>

NOTE 10 - RELATED PARTY TRANSACTIONS

A co-founder of the Organization and a Board member provided volunteer services as chief executive officer and chief financial officer during the years ended December 31, 2020 and 2019, and a co-founder of the Organization provided volunteer services as travel and field advisor during the year ended December 31, 2019. These services were valued at \$95,000 and \$114,750 for the years ended December 31, 2020 and 2019, respectively.

NOTE 11 - RETIREMENT PLAN

During the year ended December 31, 2019, the Organization adopted a SIMPLE IRA plan for eligible employees. The Organization matches employee contributions up to 3% of compensation. The Organization contributed \$1,751 and \$220 for the years ended December 31, 2020 and 2019, respectively.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 12 - MAJOR CONCENTRATIONS

The Organization maintains its cash balances at various financial institutions. The Federal Deposit Insurance Corporation (FDIC) insured accounts at each financial institution up to \$250,000. The Organization's uninsured balances totaled \$238,143 and \$63,176 at December 31, 2020 and 2019, respectively. The Organization also has money market funds that are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000.

NOTE 13 - FUNCTIONALIZED EXPENSES

The financial statements may report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses may require allocation on a reasonable basis that is consistently applied. Costs are allocated among the programs and supporting services benefited. Salary and benefit related expenses are allocated on the basis of estimates of time and effort, while depreciation and other occupancy related expenses are allocated on a square footage basis.

NOTE 14 - PAYCHECK PROTECTION PROGRAM LOAN

During the year ended December 31, 2020, the Organization applied for and was approved for a \$14,300 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for ten months after the end of an eight- or 24-week loan forgiveness covered period. The loan is uncollateralized and is fully guaranteed by the federal government.

Annual maturities of the PPP loan are as follows:

<u>Year ending</u> <u>December 31,</u>	<u>Amount</u>
2021	\$ 7,854
2022	<u>6,446</u>
	<u>\$ 14,300</u>

Subsequent to December 31, 2020, this loan was forgiven. See Note 16.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 15 - RISKS AND UNCERTAINTIES

In early 2020, the COVID-19 outbreak began disrupting operations and affecting a wide range of industries and their employees. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the related impact on its revenue sources, investments, programs, employees, vendors, and contractors, all of which are uncertain and cannot be predicted. The extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain and cannot be reasonably estimated.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the PPP loan discussed in Note 14 was forgiven upon meeting the requirements of the program during the covered period.

Subsequent to December 31, 2020, the Organization applied for and was approved for a second PPP loan of \$13,668. The loan accrues interest at 1%, but payments are not required to begin for ten months after the end of an eight- to 24-week loan forgiveness covered period. The loan matures in May 2026 and is uncollateralized and is fully guaranteed by the federal government. The loan may be forgiven in whole or part if certain conditions are met by the Organization under the terms of the PPP.

SUPPLEMENTARY INFORMATION

HEALTHED CONNECT, INC.
SUPPLEMENTAL SCHEDULE OF OVERHEAD COSTS
For the Year Ended December 31, 2020

SUPPORT SERVICES COSTS

Fundraising	\$ 15,684
Management and general	<u>80,977</u>
Overhead expenses	96,661
Donor restricted contributions released for overhead	<u>(40,000)</u>
Net overhead expenses	<u>\$ 56,661</u>