

HEALTHED CONNECT, INC.
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

David Emerick • James Flanagan • Rick Hann • Kristy Helt

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of HealthEd Connect, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HealthEd Connect, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HealthEd Connect, Inc. 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HealthEd Connect, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HealthEd Connect, Inc.'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.

Emerich + Company, P.C.

Kansas City, Missouri
August 7, 2023

**HEALTHED CONNECT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 519,127	\$ 670,672
Other current assets	61	-
Total Current Assets	519,188	670,672
INVESTMENTS	480,104	342,781
TOTAL ASSETS	\$ 999,292	\$ 1,013,453
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 614	\$ 2,749
Accrued payroll	2,001	1,812
Payroll tax liabilities	2,998	2,904
Total Current Liabilities	5,613	7,465
TOTAL LIABILITIES	5,613	7,465
NET ASSETS		
Without donor restrictions		
Undesignated	609,979	657,353
Board designated	177,627	167,756
Total Net Assets Without Donor Restrictions	787,606	825,109
With donor restrictions	206,073	180,879
Total Net Assets	993,679	1,005,988
TOTAL LIABILITIES AND NET ASSETS	\$ 999,292	\$ 1,013,453

See Notes to Financial Statements

HEALTHED CONNECT, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 298,737	\$ 192,466	\$ 491,203
Donated services and rent	412,372	-	412,372
Other income	4,841	-	4,841
Net assets released from restrictions	<u>153,240</u>	<u>(153,240)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>869,190</u>	<u>39,226</u>	<u>908,416</u>
EXPENSES			
Program Services			
Health, education, and projects	728,051	-	728,051
Advocacy	<u>3,624</u>	<u>-</u>	<u>3,624</u>
Total program services	<u>731,675</u>	<u>-</u>	<u>731,675</u>
Support Services			
Fundraising	21,636	-	21,636
Management and general	<u>101,874</u>	<u>-</u>	<u>101,874</u>
Total support services	<u>123,510</u>	<u>-</u>	<u>123,510</u>
TOTAL EXPENSES	<u>855,185</u>	<u>-</u>	<u>855,185</u>
CHANGE IN NET ASSETS FROM OPERATIONS	14,005	39,226	53,231
OTHER CHANGES IN NET ASSETS			
Interest income, dividends, and realized gains	10,737	3,912	14,649
Unrealized gains	<u>(62,245)</u>	<u>(17,944)</u>	<u>(80,189)</u>
TOTAL OTHER CHANGES IN NET ASSETS	<u>(51,508)</u>	<u>(14,032)</u>	<u>(65,540)</u>
CHANGE IN NET ASSETS	(37,503)	25,194	(12,309)
NET ASSETS, BEGINNING OF YEAR	<u>825,109</u>	<u>180,879</u>	<u>1,005,988</u>
NET ASSETS, END OF YEAR	<u><u>\$ 787,606</u></u>	<u><u>\$ 206,073</u></u>	<u><u>\$ 993,679</u></u>

See Notes to Financial Statements

HEALTHED CONNECT, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 423,142	\$ 80,664	\$ 503,806
Donated services and rent	342,615	-	342,615
Sales and events	230	-	230
Other income	27,963	-	27,963
Net assets released from restrictions	<u>137,591</u>	<u>(137,591)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>931,541</u>	<u>(56,927)</u>	<u>874,614</u>
EXPENSES			
Program Services			
Health, education, and projects	532,693	-	532,693
Advocacy	<u>5,178</u>	<u>-</u>	<u>5,178</u>
Total program services	<u>537,871</u>	<u>-</u>	<u>537,871</u>
Support Services			
Fundraising	23,779	-	23,779
Management and general	<u>79,114</u>	<u>-</u>	<u>79,114</u>
Total support services	<u>102,893</u>	<u>-</u>	<u>102,893</u>
TOTAL EXPENSES	<u>640,764</u>	<u>-</u>	<u>640,764</u>
CHANGE IN NET ASSETS FROM OPERATIONS	290,777	(56,927)	233,850
OTHER CHANGES IN NET ASSETS			
Interest income, dividends, and realized gains	3,959	5,337	9,296
Unrealized gains	<u>1,667</u>	<u>7,409</u>	<u>9,076</u>
TOTAL OTHER CHANGES IN NET ASSETS	<u>5,626</u>	<u>12,746</u>	<u>18,372</u>
CHANGE IN NET ASSETS	296,403	(44,181)	252,222
NET ASSETS, BEGINNING OF YEAR	<u>528,706</u>	<u>225,060</u>	<u>753,766</u>
NET ASSETS, END OF YEAR	<u>\$ 825,109</u>	<u>\$ 180,879</u>	<u>\$ 1,005,988</u>

See Notes to Financial Statements

**HEALTHED CONNECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services			Support Services			Total Expenses
	Health, Education and Projects	Advocacy	Total	Fund Raising	Management and General	Total	
Salary expense - donated	\$ 56,193	\$ -	\$ 56,193	\$ 5,000	\$ 36,849	\$ 41,849	\$ 98,042
Project costs, including salary and payroll tax expense of \$72,715	653,823	-	653,823	-	-	-	653,823
Consulting - donated	-	-	-	2,000	150	2,150	2,150
Bank fees	593	-	593	-	6,055	6,055	6,648
Printing and postage	-	-	-	1,313	4,674	5,987	5,987
Professional fees	-	-	-	-	18,250	18,250	18,250
Professional fees - donated	-	-	-	384	3,500	3,884	3,884
Personnel and related costs	-	3,624	3,624	10,871	21,827	32,698	36,322
Rent - donated	17,442	-	17,442	616	2,462	3,078	20,520
Events and promotion	-	-	-	-	301	301	301
Meals and meetings	-	-	-	1,233	2,853	4,086	4,086
Insurance	-	-	-	-	3,041	3,041	3,041
Supplies and office expense	-	-	-	219	1,912	2,131	2,131
	\$ 728,051	\$ 3,624	\$ 731,675	\$ 21,636	\$ 101,874	\$ 123,510	\$ 855,185

See Notes to Financial Statements

HEALTHED CONNECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services			Support Services			Total Expenses
	Health, Education and Projects	Advocacy	Total	Fund Raising	Management and General	Total	
Salary expense - donated	\$ 64,000	\$ -	\$ 64,000	\$ 2,749	\$ 28,250	\$ 30,999	\$ 94,999
Project costs, including salary and payroll tax expense of \$55,150	451,530	-	451,530	-	-	-	451,530
Consulting - donated	750	-	750	2,000	-	2,000	2,750
Bank fees	603	-	603	-	6,095	6,095	6,698
Printing and postage	-	-	-	1,342	4,574	5,916	5,916
Professional fees	-	-	-	-	15,113	15,113	15,113
Professional fees - donated	-	-	-	-	3,500	3,500	3,500
Personnel and related costs	-	5,178	5,178	15,267	14,542	29,809	34,987
Rent - donated	15,810	-	15,810	558	2,232	2,790	18,600
Events and promotion	-	-	-	1,338	-	1,338	1,338
Meals and meetings	-	-	-	-	1,244	1,244	1,244
Insurance	-	-	-	-	1,670	1,670	1,670
Supplies and office expense	-	-	-	525	1,894	2,419	2,419
	\$ 532,693	\$ 5,178	\$ 537,871	\$ 23,779	\$ 79,114	\$ 102,893	\$ 640,764

See Notes to Financial Statements

HEALTHED CONNECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (12,309)	\$ 252,222
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized gain on investments	80,189	(9,076)
Contributions restricted in perpetuity	(2,250)	(5,564)
Paycheck protection program loan forgiveness	-	(27,963)
Changes in operating assets and liabilities:		
Other current assets	(61)	-
Accounts payable	(2,135)	2,182
Accrued payroll	189	1,026
Payroll tax liabilities	94	220
Net Cash Provided by Operating Activities	<u>63,717</u>	<u>213,047</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases and sales of investments	<u>(217,512)</u>	<u>(228,133)</u>
Net Cash Used by Investing Activities	<u>(217,512)</u>	<u>(228,133)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted in perpetuity	2,250	5,564
Proceeds of paycheck protection program loan	-	13,663
Net Cash Provided by Financing Activities	<u>2,250</u>	<u>19,227</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(151,545)	4,141
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>670,672</u>	<u>666,531</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 519,127</u>	<u>\$ 670,672</u>
NONCASH SUPPLEMENTAL INFORMATON		
Forgiveness of paycheck protection program loans	<u>\$ -</u>	<u>\$ 27,963</u>

See Notes to Financial Statements

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

HealthEd Connect, Inc. 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 through 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 the orphans and their caregivers, and local income generating projects are major program emphases.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Support for international projects is recorded as expense at the time the funds are transferred. Revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of HealthEd Connect, Inc. (Organization) 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, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with maturities of three months or less to be cash equivalents. This consists of the following:

	<u>2022</u>	<u>2021</u>
Checking	\$501,040	\$651,723
Edward Jones money market accounts	<u>18,087</u>	<u>18,949</u>
	<u>\$519,127</u>	<u>\$670,672</u>

Contributions and Bequests

Contributions are recorded as revenue, at their fair value, when received, or promised unconditionally. Contributions received with donor restrictions that limit their use are reported as donor restricted revenue. When a donor restriction is met through the passage of time or fulfillment of a purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The Organization allocates its expenses on a functional basis among programs, management and fund-raising. Expenses that can be identified with a specific program, management or fund-raising activity are assigned directly according to their natural expenditure classification. 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.

Endowment Funds and Net Asset Classifications

The Organization reports the activity in its endowment funds in accordance with FASB ASC 958-205-50, which provides guidance on the net asset classification of donor-restricted endowment funds for nonprofit organizations that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and improves disclosures for endowment funds, both donor-restricted and board designated (quasi-endowment).

The Organization's endowment funds consist of a scholarship fund, which includes perpetual donor restricted and board designated funds and a general endowment fund, which includes perpetual donor restricted and board designated funds. Net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Change in Accounting Policy

The Organization adopted Financial Accounting Standards Board Accounting Standards Update 2020-07: *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires contributed nonfinancial assets to be separately stated in the statement of activities and changes in net assets and additional disclosures providing qualitative information. The adoption has not changed recognition or measurement requirements.

In-kind Contributions

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

GAAP requires 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.

Income Taxes

The organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has determined that the organization has no unrelated business income, which could be subject to taxation. As a tax-exempt organization the organization is required to file a Form 990, *Return for Organization Exempt from Income Tax*, each year with the Internal Revenue Service which assesses its continuing status as a tax-exempt organization, which is subject to a three-year examination period.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

**HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through August 7, 2023, which is the date the financial statements were available to be issued.

NOTE 2: AVAILABILITY AND LIQUIDITY

The Organization strives to maintain liquid financial assets sufficient to cover operating expenditures. The following table reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures because of contractual restrictions or internal board designations.

Financial assets at year end:		<u>2022</u>		<u>2021</u>
Cash and cash equivalents	\$	519,127	\$	670,672
Investments		<u>480,104</u>		<u>342,781</u>
Total financial assets		999,231		1,013,453
Less those unavailable for general expenditure within one year, due to:				
Donor restricted for specific purpose		120,303		97,359
Donor restricted for perpetuity		85,770		83,520
Board designated funds		<u>177,627</u>		<u>167,756</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>615,531</u>	\$	<u>664,818</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.

NOTE 3: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ASC 820, "Fair Value Measurements and Disclosures," defines fair value and establishes a consistent framework for measuring fair value for certain assets and liabilities. These provisions establish a fair value hierarchy that is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity that is significant to the fair value of the assets or liabilities.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3: FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring basis as of December 31, 2022 were as follows:

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Recurring fair value measurements:</u>				
Mutual funds	\$480,104	\$480,104	\$ -	\$ -
	<u>\$480,104</u>	<u>\$480,104</u>	<u>\$ -</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis as of December 31, 2021 were as follows:

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Recurring fair value measurements:</u>				
Equity security	\$ 1,471	\$ 1,471	\$ -	\$ -
Mutual funds	<u>341,310</u>	<u>341,310</u>	<u>-</u>	<u>-</u>
	<u>\$342,781</u>	<u>\$342,781</u>	<u>\$ -</u>	<u>\$ -</u>

Certificates of deposit

The carrying value of these funds approximates fair value as maturities are short-term.

Equity security and mutual funds

Equity securities and mutual funds are reported at fair value based on quoted market prices.

NOTE 4: INVESTMENT RETURN

Investment income is comprised of the following for the years ending December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 19,473	\$ 10,754
Realized (loss) gains	(271)	129
Unrealized (loss) gains	(80,189)	9,076
Less: administrative fees	<u>4,553</u>	<u>1,587</u>
	<u>\$ (65,540)</u>	<u>\$ 18,372</u>

**HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5: NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Restricted for specific purposes:		
Professional nursing scholarships	\$ 7,148	\$11,054
Nepal community health workers	-	500
Education scholarships	4,600	-
Global community health workers	4,268	139
Girls Achievement Program	48,367	25,846
Libraries	3,454	4,314
Construction	3,187	-
Emergency response	-	872
Nutrition	344	1,817
Teacher appreciation	2,523	-
Good Life Gardens	-	640
Furnishings and equipment	2,226	7,350
School support	21,132	4,022
Communications centers	-	3,719
Intern/mentor	<u>3,002</u>	<u>3,002</u>
Total donor restricted net assets for specific purposes	100,251	63,275
Unappropriated endowment earnings restricted for professional nursing scholarships	20,052	34,084
Perpetual in nature	<u>85,770</u>	<u>83,520</u>
Total	<u>\$ 206,073</u>	<u>\$ 180,879</u>

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5: NET ASSETS (CONTINUED)

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

	<u>2022</u>	<u>2021</u>
Professional nursing scholarships	\$ 8,909	\$ 9,017
Education scholarships	3,000	-
Overhead	56,000	50,000
Nepal community health workers	500	-
Global community health workers	546	4,290
Malawi community health workers	-	6
Girls Achievement Program	19,054	18,238
Teacher training	1,000	-
Construction	20,813	20,000
Emergency response	872	14,698
Nutrition	4,504	4,775
Teacher appreciation	1,277	6,308
Good Life Gardens	21,742	150
Furnishings and equipment – Democratic Republic of Congo community health workers	-	3
School support	4,680	2,500
Communications centers	3,719	2,996
Libraries	1,500	1,960
Furnishings and equipment	<u>5,124</u>	<u>2,650</u>
Total	<u>\$ 153,240</u>	<u>\$ 137,591</u>

Board designated net assets were as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Chips maintenance and repair	\$ 18,585	\$ 14,585
Kasompe maintenance and repair	19,000	15,000
Zamtan maintenance and repair	15,507	11,507
Malawi maintenance and repair	3,000	1,500
General endowment fund	16,035	20,164
Luapula maintenance and repair	500	-
Scholarship fund	5,000	5,000
Reserve fund	<u>100,000</u>	<u>100,000</u>
	<u>\$ 177,627</u>	<u>\$ 167,756</u>

NOTE 6: ENDOWMENT FUNDS

The Board of Directors of the organization has interpreted the 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 donor restricted net assets (a) the original value of gifts donated to the endowment, (b), the original value of subsequent gifts, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument or spending policy at the time the accumulation is added to the fund.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6: ENDOWMENT FUNDS (Continued)

In accordance with UPMIFA, the Board of Directors 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 donor-restricted endowment funds,
- (3) General economic conditions,
- (4) The possible effect of inflation and deflation,
- (5) The expected total return from income and appreciation of investments,
- (6) Other resources of the organization, and
- (7) The investment policies of the organization.

The Organization Board of Directors 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 the 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 spending policy is designed to establish an appropriate balance between endowment growth and operation funding. To that end, endowment earnings will be disbursed at a rate of up to 5% of the endowment balance annually at the discretion of the finance committee. Investment earnings above the disbursement will be added to the endowment.

Changes in endowment funds for the years ended December 31, 2022 and 2021 are as follows:

	Board Designated	Unappropriated Earnings	Perpetual
Balance at December 31, 2020	\$ 16,460	\$ 21,338	\$ 70,956
Contributions	5,000	-	12,564
Investment return, net	3,704	12,746	-
Distributions	-	-	-
Balance at December 31, 2021	<u>25,164</u>	<u>34,084</u>	<u>83,520</u>
Contributions	-	-	2,250
Investment return, net	(4,129)	(14,032)	-
Distributions	-	-	-
Balance at December 31, 2022	<u>\$ 21,035</u>	<u>\$ 20,052</u>	<u>\$ 85,770</u>

NOTE 7: 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, 2022 and 2021. These services were valued at \$95,300 and \$95,000 for the years ended December 31, 2022 and 2021, respectively.

Professional services were received by the Organization from additional board members' in the amount of \$6,570 and \$6,345 for the years ended December 31, 2022 and 2021, respectively.

**HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 7: RELATED PARTY TRANSACTIONS (Continued)

During the years ended December 31, 2022 and 2021, the Organization received contributions from members of the board of directors of approximately 39% and 42%, respectively, of revenue not including the in-kind services received.

NOTE 8: IN-KIND CONTRIBUTIONS

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

	<u>2022</u>	<u>2021</u>
Chief executive officer salary	\$ 57,742	\$ 55,000
Chief financial officer salary	40,300	40,000
Donated rent	20,520	18,600
Professional services	6,954	3,500
Consulting	2,150	2,750
African and Nepalese volunteers	283,206	222,765
Medical supplies	1,425	-
Books	75	-
	<u>\$412,372</u>	<u>\$342,615</u>

Chief executive officer salary, chief financial officer salary, professional services, and consulting have been valued from \$19 to \$175 per hour based upon the service being performed and estimated market rate.

Office space is provided by Graceland University at current market rates.

International volunteer time has been valued at \$7 per hour based on the local rates of the region.

Other in-kind donations are recorded at their estimated value based on market rates.

The Organization also receives school nutritional services from African and Nepalese volunteers with an estimated value of \$79,800. The services do not qualify under the GAAP specialized skills criteria, and therefore, have not been recorded in the financial statements.

The amounts above have been included in the Statement of Functional Expenses in the corresponding natural expenditure classification. An equal amount is recorded in support and revenue in the statement of activities and changes in net assets. Therefore, there is no effect on change in net assets for the years ended December 31, 2022 and 2021.

NOTE 9: 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 \$2,923 and \$2,269 for the years ended December 31, 2022 and 2021, respectively.

NOTE 11: 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 were \$251,040 and \$401,723 at December 31, 2022 and 2021, respectively. The Organization also has money market funds that are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000.



EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

David Emerick • James Flanagan • Rick Hann • Kristy Helt

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
HealthEd Connect, Inc.

We have audited the financial statements of HealthEd Connect, Inc. as of and for the year ended December 31, 2022, and our report thereon dated August 7, 2023, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of overhead costs as of December 31, 2022 is presented for the 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 audit 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.

Emerick + Company, P.C.

Kansas City, Missouri
August 7, 2023

HEALTHED CONNECT, INC.
SUPPLEMENTAL SCHEDULE OF OVERHEAD COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Support Service Costs

Fundraising	\$ 21,636
Management and general	<u>101,874</u>
Net Overhead Expenses	123,510
Donor restricted contribution released for overhead expenses	<u>(56,000)</u>
Total Net Overhead Expenses	<u><u>\$ 67,510</u></u>