

HEALTHED CONNECT, INC.
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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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, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Prior Period Financial Statements

The financial statements of HealthEd Connect, Inc. as of December 31, 2020 were audited by other auditors whose report dated June 24, 2021 expressed an unmodified opinion on those statements.

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
September 2, 2022

HEALTHED CONNECT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 670,672	\$ 666,531
Total Current Assets	<u>670,672</u>	<u>666,531</u>
INVESTMENTS	<u>342,781</u>	<u>105,572</u>
TOTAL ASSETS	<u><u>\$ 1,013,453</u></u>	<u><u>\$ 772,103</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,749	\$ 567
Accrued payroll	1,812	786
Payroll tax liabilities	2,904	2,684
Current portion of long-term debt	-	7,854
Total Current Liabilities	<u>7,465</u>	<u>11,891</u>
LONG-TERM DEBT, less current portion	<u>-</u>	<u>6,446</u>
TOTAL LIABILITIES	<u>7,465</u>	<u>18,337</u>
NET ASSETS		
Without donor restrictions		
Undesignated	657,353	429,661
Board designated	<u>167,756</u>	<u>99,045</u>
Total Net Assets Without Donor Restrictions	<u>825,109</u>	<u>528,706</u>
With donor restrictions	<u>180,879</u>	<u>225,060</u>
Total Net Assets	<u>1,005,988</u>	<u>753,766</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,013,453</u></u>	<u><u>\$ 772,103</u></u>

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
Government grant	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>
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 ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 331,847	\$ 113,312	\$ 445,159
Donated services and rent	379,491	-	379,491
Sales and events	508	-	508
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	<u>829,335</u>	<u>3,734</u>	<u>833,069</u>
EXPENSES			
Program Services			
Health, Education and Projects	543,771	-	543,771
Advocacy	<u>50</u>	<u>-</u>	<u>50</u>
Total program services	<u>543,821</u>	<u>-</u>	<u>543,821</u>
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 FROM OPERATIONS	188,853	3,734	192,587
OTHER CHANGES IN NET ASSETS			
Interest income, dividends, and realized gains	2,428	3,490	5,918
Unrealized gains	<u>1,693</u>	<u>3,292</u>	<u>4,985</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>

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 \$73,054	451,530	-	451,530	-	-	-	451,530
Administrative and gift processing fees	-	-	-	-	-	-	-
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
	<u>\$ 532,693</u>	<u>\$ 5,178</u>	<u>\$ 537,871</u>	<u>\$ 23,779</u>	<u>\$ 79,114</u>	<u>\$ 102,893</u>	<u>\$ 640,764</u>

See Notes to 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	Fund Raising	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
	\$ 543,771	\$ 50	\$ 543,821	\$ 15,684	\$ 80,977	\$ 96,661	\$ 640,482

See Notes to Financial Statements

HEALTHED CONNECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 252,222	\$ 203,490
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized gain on investments	(9,076)	(4,985)
Contributions restricted in perpetuity	(5,564)	(66)
Paycheck protection program loan forgiveness	(27,963)	-
Changes in operating assets and liabilities:		
Accounts payable	2,182	146
Accrued payroll	1,026	786
Payroll tax liabilities	220	601
Net Cash Provided by Operating Activities	<u>213,047</u>	<u>199,972</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases and sales of investments	(228,132)	70,122
Net Cash (Used) / Provided by Investing Activities	<u>(228,132)</u>	<u>70,122</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted in perpetuity	5,564	66
Proceeds of paycheck protection program loan	13,663	14,300
Net Cash Provided by Financing Activities	<u>19,227</u>	<u>14,366</u>
CHANGE IN CASH AND CASH EQUIVALENTS	4,142	284,460
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>666,531</u>	<u>382,071</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 670,673</u>	<u>\$ 666,531</u>
NONCASH SUPPLEMENTAL INFORMATON		
Forgiveness of paycheck protection program loans	<u>\$ 27,963</u>	<u>\$ -</u>

See Notes to Financial Statements

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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>2021</u>	<u>2020</u>
Checking	\$651,723	\$535,278
Edward Jones money market accounts	<u>18,949</u>	<u>131,253</u>
	<u>\$670,672</u>	<u>\$666,531</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, 2021 AND 2020

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.

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.

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 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.

Subsequent Events

Subsequent events have been evaluated through September 2, 2022, which is the date the financial statements were available to be issued.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, 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>2021</u>		<u>2020</u>
Cash and cash equivalents	\$	670,672	\$	666,531
Investments		<u>342,781</u>		<u>105,572</u>
Total financial assets		1,013,453		772,103
Less those unavailable for general expenditure within one year, due to:				
Donor restricted for specific purpose		97,359		154,104
Donor restricted for perpetuity		83,520		70,956
Board designated funds		<u>167,756</u>		<u>99,045</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>664,818</u>	\$	<u>447,998</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, 2021 AND 2020

NOTE 3: FAIR VALUE MEASUREMENTS (Continued)

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>\$342,781</u>	<u>\$342,781</u>	<u>\$ -</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis as of December 31, 2020 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>				
Certificate of deposits	\$ 7,179	\$ -	\$ 7,179	\$ -
Mutual funds	<u>98,393</u>	<u>98,393</u>	-	-
	<u>\$105,572</u>	<u>\$ 98,393</u>	<u>\$ 7,179</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>2021</u>	<u>2020</u>
Interest and dividends	\$ 10,754	\$ 5,336
Realized gains	129	1,657
Unrealized gains	9,076	4,985
Less: administrative fees	<u>1,587</u>	<u>1,075</u>
	<u>\$ 18,372</u>	<u>\$ 10,903</u>

**HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5: NET ASSETS

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

	<u>2021</u>	<u>2020</u>
Restricted for specific purposes:		
Professional nursing scholarships	\$ 11,054	\$20,453
Overhead	-	10,000
Nepal community health workers	500	-
Malawi community health workers	-	6
Global community health workers	139	2,679
Girls Achievement Program	25,846	40,504
Libraries	4,314	1,975
Construction	-	20,000
Emergency response	872	13,975
Nutrition	1,817	4,092
Teacher appreciation	-	1,208
Good Life Gardens	640	615
Furnishings and equipment	7,350	5,000
Republic of Congo community health workers	-	3
School support	4,022	2,539
Communications centers	3,719	6,715
Intern/mentor	<u>3,002</u>	<u>3,002</u>
Total donor restricted net assets for specific purposes	63,275	132,766
Unappropriated endowment earnings restricted for professional nursing scholarships	34,084	21,338
Perpetual in nature	<u>83,520</u>	<u>70,956</u>
Total	<u>\$ 180,879</u>	<u>\$ 225,060</u>

**HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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>2021</u>	<u>2020</u>
Professional nursing scholarships	\$ 9,017	\$ 10,120
Education scholarships	-	400
Overhead	50,000	40,000
Nepal community health workers	-	4,280
Global community health workers	4,290	10,511
Malawi community health workers	6	-
Girls Achievement Program	18,238	8,925
Keeping in Touch Club	-	931
Construction	20,000	10,500
Emergency response	14,698	7,195
Nutrition	4,775	3,958
Teacher appreciation	6,308	7,927
Good Life Gardens	150	209
Furnishings and equipment – Democratic Republic of Congo community health workers	3	495
School support	2,500	711
Nepal flood	-	2,060
Communications centers	2,996	1,356
Libraries	1,960	-
Furnishings and equipment	<u>2,650</u>	<u>-</u>
Total	<u>\$ 137,591</u>	<u>\$ 109,578</u>

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

	<u>2021</u>	<u>2020</u>
Chips maintenance and repair	\$ 14,585	\$ 10,585
Kasompe maintenance and repair	15,000	12,000
Zamtan maintenance and repair	11,507	10,000
Malawi maintenance and repair	1,500	-
General endowment fund	20,164	16,460
Scholarship fund	5,000	-
Reserve fund	<u>100,000</u>	<u>50,000</u>
	<u>\$ 167,756</u>	<u>\$ 99,045</u>

NOTE 6: ENDOWMENT FUNDS

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 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, 2021 AND 2020

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, 2021 and 2020 are as follows:

	Board Designated	Unappropriated Earnings	Perpetual
Balance at December 31, 2019	\$ 13,791	\$ 18,738	\$ 70,890
Contributions	-	-	66
Investment return, net	2,669	6,782	-
Distributions	-	(4,182)	-
Balance at December 31, 2020	<u>16,460</u>	<u>21,338</u>	<u>70,956</u>
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>

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, 2021 and 2020. These services were valued at \$95,000 for each of the years ended December 31, 2021 and 2020.

Professional services were received by the Organization from additional board members' in the amount of \$6,345 and \$6,080 for the years ended December 31, 2021 and 2020, respectively.

**HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7: RELATED PARTY TRANSACTIONS (Continued)

During the year ended December 31, 2021, the Organization received contributions from members of the board of directors of approximately 42% 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>2021</u>	<u>2020</u>
Chief executive officer salary	\$ 55,000	\$ 55,000
Chief financial officer salary	40,000	40,000
Donated rent	18,600	18,120
Professional services	3,500	3,500
Consulting	2,750	3,050
African and Nepalese volunteers	222,765	247,888
Soccer equipment	-	11,933
	<u>\$342,615</u>	<u>\$379,491</u>

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, 2021 and 2020.

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 \$2,269 and \$1,751 for the years ended December 31, 2021 and 2020, respectively.

NOTE 10: PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

During the year ended December 31, 2020, the Organization qualified for a loan program under the Coronavirus Aid, Relief and Economic Security (CARES) Act and entered into a debt agreement for \$14,300. The proceeds were utilized to fund payroll and other operating expenses. The Organization received notification in February 2021 that the loan balance was forgiven in full and it was recognized as income for the year ended December 31, 2021 and presented as a government grant on the statement of activities and changes in net assets.

During the year ended December 31, 2021, the Organization qualified for a second PPP loan under the Economic Aid Act and entered into a debt agreement for \$13,663. The proceeds were utilized to fund payroll and other operating expenses. The Organization received notification in December 2021 that the loan balance was forgiven in full and it was recognized as income for the year ended December 31, 2021 and presented as a government grant on the statement of activities and changes in net assets.

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 \$401,723 and \$238,143 at December 31, 2021 and 2020, respectively. The Organization also has money market funds that are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000.

HEALTHED CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 12: UNCERTAINTIES

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. The extent to which these events will affect the future financial position and the related changes in net assets and cash flows is unknown.



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, 2021, and our report thereon dated September 2, 2022, 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, 2021 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
September 2, 2022

HEALTHED CONNECT, INC.
SUPPLMENTAL SCHEDULE OF OVERHEAD COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Support Service Costs

Fundraising	\$ 23,779
Management and general	<u>79,114</u>
Net Overhead Expenses	102,893
Donor restricted contribution released for overhead expenses	<u>(50,000)</u>
Total Net Overhead Expenses	<u><u>\$ 52,893</u></u>