



One Heart Worldwide

Financial Statements

**For the Years Ended
December 31, 2022 and 2021**
With Independent Auditors' Report Thereon

ONE HEART WORLDWIDE

(A California Not-For-Profit Corporation)
December 31, 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
One Heart Worldwide

Opinion

We have audited the accompanying financial statements of One Heart Worldwide (a California nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 One Heart Worldwide as of December 31, 2022, and the changes in 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 One Heart Worldwide 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 One Heart Worldwide's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT

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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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 One Heart Worldwide'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 One Heart Worldwide'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.

Report on Summarized Comparative Information

We have previously audited One Heart Worldwide's financial statements as of and for the year ended December 31, 2021, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

1st Draft

Danville, California
October 27, 2023

One Heart Worldwide

Statements of Financial Position December 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 1,554,151	\$ 1,765,572
Accounts and grants receivable	470,954	275,149
Prepaid expenses and other assets	11,535	29,114
Total current assets	<u>2,036,640</u>	<u>2,069,835</u>
Noncurrent assets:		
Accounts and grants receivable	135,912	114,916
Property and Equipment, Net	4,296	6,336
Right of use asset - premises	30,311	56,207
Total noncurrent assets	<u>170,519</u>	<u>177,459</u>
Total assets	<u>\$ 2,207,159</u>	<u>\$ 2,247,294</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 203,765	\$ 62,700
Accrued payroll liabilities	61,929	129,683
Lease payable - current portion	21,699	25,327
Total current liabilities	<u>287,393</u>	<u>217,710</u>
Noncurrent liabilities:		
Lease payable - noncurrent portion	<u>11,194</u>	30,880
Net assets:		
Without donor restrictions	867,807	1,116,390
With donor restrictions	1,040,765	882,314
Total net assets	<u>1,908,572</u>	<u>1,998,704</u>
Total liabilities and net assets	<u>\$ 2,207,159</u>	<u>\$ 2,247,294</u>

One Heart Worldwide

Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2022

(with Summarized Financial Information for the Year Ended December 31, 2021)

<i>Changes in net assets:</i>	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenue and support:				
Program fees and other earned income				
Contributed income:				
Foundation and corporate grants	\$ 1,705,798	\$ 1,318,000	\$ 3,023,798	\$ 2,427,709
Government grants	-		-	130,000
Individual donations	129,422		129,422	318,867
In-kind contributions	44,752	-	44,752	22,068,046
Net assets released from restrictions	1,159,549	(1,159,549)	-	-
Total contributed income	3,039,521	158,451	3,197,972	24,944,622
Earned revenue:				
Exchange gains (loss)	37,142	-	37,142	(6,148)
Interest income	213	-	213	1,333
Other income	100	-	100	-
Total earned revenue	37,455	-	37,455	(4,815)
Total revenue and support	3,076,976	158,451	3,235,427	24,939,807
Expenses:				
Program expenses	3,019,766	-	3,019,766	25,034,470
General and administrative	177,719	-	177,719	177,196
Fundraising	128,074	-	128,074	85,072
Total expenses	3,325,559	-	3,325,559	25,296,738
Increase (decrease) in net assets	(248,583)	158,451	(90,132)	(356,931)
Net assets at beginning of year	1,116,390	882,314	1,998,704	2,355,635
Net assets at end of year	\$ 867,807	\$ 1,040,765	\$ 1,908,572	\$ 1,998,704

One Heart Worldwide

Statements of Cash Flows For the Years Ended December 31, 2022 and 2021

	2022	2021
<i>Operating activities:</i>		
Decrease in net assets	\$ (90,132)	\$ (356,931)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	2,040	2,040
Changes in:		
Accounts and grants receivable	(216,801)	200,094
Prepaid expenses and other assets	17,579	12,021
Accounts payable and accrued liabilities	141,065	(244,680)
Accrued payroll liabilities	(67,754)	(26,454)
Cash used for operating activities	(214,003)	(413,910)
<i>Investing activities:</i>		
Recording of right of use asset - premises	25,896	2,353
Cash provided by investing activities	25,896	2,353
<i>Financing activities:</i>		
Principal payments applied to lease payable	(23,314)	(2,353)
Cash used for financing activities	(23,314)	(2,353)
Net decrease in cash and cash equivalents	(211,421)	(413,910)
Cash and cash equivalents at beginning of year	1,765,572	2,179,482
Cash and cash equivalents at end of year	\$ 1,554,151	\$ 1,765,572
<i>Additional cash flow information:</i>		
State registration taxes paid	\$ 200	\$ 400
Interest and finance charges paid	\$ -	\$ -

One Heart Worldwide

Statement of Functional Expenses

For the Year Ended December 31, 2022

(with Summarized Financial Information for the Year Ended December 31, 2021)

	General and			2022 Total	2021 Total
	Program Services	Admin- istrative	Fund- raising		
Bank and Credit Card Fees	\$ 22	\$ 93	\$ 1,813	\$ 1,928	\$ 1,670
Birthing Center Work	1,089,882	-	-	1,089,882	1,423,739
Business Development	20,301	379	13,717	34,397	27,047
Computer and Website	41,588	1,965	294	43,847	62,794
Depreciation	-	2,040	-	2,040	2,040
Education and Training	255,808	-	-	255,808	354,633
Grant expense	-	-	-	-	21,613,131
Insurance	8,788	9,055	-	17,843	9,253
Miscellaneous	18,514	12,861	775	32,150	35,644
Office Supplies	13,903	2,216	1,375	17,494	21,418
Professional Services	88,538	63,601	180	152,319	180,497
Rent and Utilities	49,538	-	-	49,538	58,495
Salaries, Benefits and Taxes	1,404,430	67,976	109,200	1,581,606	1,459,858
Telephone and Internet	8,342	4,100	-	12,442	13,216
Transportation and Lodging	20,112	13,433	720	34,265	33,303
Totals	\$ 3,019,766	\$ 177,719	\$ 128,074	\$ 3,325,559	\$ 25,296,738

Notes to Financial Statements
December 31, 2022 and 2021

1. Organization

One Heart Worldwide was organized as a nonprofit corporation in 2004 and maintains its corporate offices in San Francisco, California. One Heart Worldwide strives to provide simple training and medical supplies necessary to prevent birthing-related deaths in selected less developed regions of the world.

The mission of One Heart Worldwide is to decrease maternal and neonatal mortality and morbidity in remote, rural areas of the world.

During the year ended December 31, 2022, the Organization's programs were focused in regions of Nepal. One Heart Worldwide works with local communities and health providers to develop a culturally appropriate Network of Safety around mothers and infants to ensure that mothers and infants survive delivery and the first months of life.

2. Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of One Heart Worldwide have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“US GAAP”).

Measure of Operations – The statements of activities and changes in net assets reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the One Heart Worldwide ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – One Heart Worldwide's cash consists of cash on deposit with banks. Cash equivalents represent savings, cash deposits and money market accounts with maturity dates of three months or less from the date of inception.

Concentrations of Credit Risk – Financial instruments that potentially subject One Heart Worldwide to concentrations of credit risk consist principally of cash and cash equivalents and deposits. One Heart Worldwide maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. One Heart Worldwide manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, One Heart Worldwide has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of the One Heart Worldwide mission.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Comparative Financial Information - The One Heart Worldwide financial statements include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Accounts and Grants Receivable – One Heart Worldwide records contributions receivable that are expected to be collected within one year at net realizable value. When material, contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue on the statement of activities. The allowance for uncollectible receivables is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible.

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). One Heart Worldwide groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

**Notes to Financial Statements
December 31, 2022 and 2021**

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment - One Heart Worldwide's policy is to record property and equipment purchases at cost or, if donated, at fair market value on the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Costs of maintenance and repairs are expensed currently. One Heart Worldwide reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. One Heart Worldwide has determined that no long-lived assets were impaired during the years ended December 31, 2022 and 2021.

Income Taxes – One Heart Worldwide is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. One Heart Worldwide has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. One Heart Worldwide has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

One Heart Worldwide has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, and it has opted to do so as of December 31, 2022 and 2021.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent funds which are subject to donor- (or certain grantor-) 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 can be perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Revenue and Revenue Recognition - Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 958)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute is accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income (such as special events), and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided in accordance with Topic 606.

Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Contributions of Nonfinancial Assets – Contributed services and costs are reflected at the fair value of the contribution received in accordance with *ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statement of activities and statements of functional expenses.

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Contributions Made - One Heart Worldwide recognizes grants as expenses at the time recipients are entitled to receive them. Generally, this occurs when the board of directors approves a specific grant, or when management, pursuant to grant-authorization policies established by the board of directors, approves a grant. Unconditional grants approved but not yet disbursed are reported as grants payable in the statement of financial position. Conditional grants approved but contingent upon fulfillment of certain specified conditions by the grantee are not recorded until the conditions have been met. Revocable grants are recorded when grants are distributed to the grantee.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. These reclassifications had no impact on previously reported net assets.

Functional Allocation of Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statements of activities in accordance with the requirements of *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which requires One Heart Worldwide to report expenses by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (salaries, wages, and payroll taxes, professional services) have been allocated based on time and effort using One Heart Worldwide's payroll allocations. Other operating expenses have been allocated in accordance with the specific services received from vendors.

Recent and Relevant Accounting Pronouncements – The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of October 27, 2023 (the date of the Independent Auditors' Report), management has made this evaluation and has determined that One Heart Worldwide has the ability to continue as a going concern.

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit Entities (Topic 605) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

In May 2014, the FASB completed its Revenue Recognition project by issuing *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. This guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The guidance (1) removes inconsistencies and weaknesses in existing revenue requirements, (2) provides a more robust framework for addressing revenue issues, (3) improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) provides more useful information to users of financial statements through improved disclosure requirements, and (5) simplifies the preparation of financial statements by reducing the number of requirements to which an organization must refer.

**Notes to Financial Statements
December 31, 2022 and 2021**

2. Summary of Significant Accounting Policies *(continued)*

In August 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. One Heart Worldwide has followed the recommendation of the update to ensure presentation conformity of its financial statements.

In September 17, 2021, the FASB issued *Accounting Standards Update (ASU) 2020-07; Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Update increases transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by non-profit organizations, including transparency on how those assets are used and how they are valued. The Update requires that an organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires that an organization disclose:

1. A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets.
2. For each category of nonfinancial assets recognized:
 - Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used
 - The organization’s policy (if any) about monetizing rather than utilizing contributed nonfinancial assets
 - A description of any donor-imposed restrictions associated with the contributed nonfinancial assets
 - A description of the valuation techniques and inputs used to arrive at a fair value measure in accordance with requirements in *Topic 820, Fair Value Measurement*, at initial recognition
 - The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets

3. Cash and Cash Equivalents

Cash and cash equivalents of \$1,554,151 and \$1,765,572 at December 31, 2022 and 2021, respectively, consist of deposits in noninterest-bearing foreign and domestic financial institutions. The balances reflect funds on deposit in various checking accounts which have a maturity date of 90 days or less. During the course of the fiscal year, domestic deposits may exceed FDIC federal insurance protection and One Heart Worldwide attempts to limit potential loss exposure by utilizing highly rated financial institutions.

4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets of \$11,535 and \$29,114 at December 31, 2022 and 2021, respectively, consist of prepaid insurance, NGO advances, and other expenditures, all of which benefit subsequent fiscal years.

One Heart Worldwide

Notes to Financial Statements December 31, 2022 and 2021

5. Accounts and Grants Receivable

Accounts and grants receivable of \$606,615 and \$390,065 at December 31, 2022 and 2021, respectively, represent funds due from various individuals, foundations, and other organization. Accounts and grants receivable are expected to be collected as follows at December 31:

	2022	2021
Year ending December 31, 2022	\$ -	\$ 275,149
Year ending December 31, 2023	470,954	114,916
Year ending December 31, 2024	120,912	-
Year ending December 31, 2025	5,000	-
Year ending December 31, 2026	5,000	-
Year ending December 31, 2027	5,000	-
Total accounts and grants receivable	606,866	390,065
Less: accounts and grants receivable – current	(470,954)	(275,149)
Accounts and grants receivable – noncurrent	\$ 135,912	\$ 114,916

Accounts and grants receivable represent amounts which were committed by various individuals, corporations, foundations, and government agencies. One Heart Worldwide uses the direct write-off method with regards to receivables deemed uncollectible. The long-term portions of grants and pledges receivable at December 31, 2022 have not been discounted to reflect the net present value of the future cash in-flows because the estimated discount is not material. During the years ended December 31, 2022 and 2021, One Heart Worldwide had no bad debt write-offs. Management has evaluated the receivables as of December 31, 2022 and determined that such amounts are fully collectible based on a variety of factors, including collection experience and an evaluation of the financial strength of the donors involved.

6. Fair Value Measurements

Composition of assets utilizing fair value measurements at December 31, 2022 is as follows:

	Totals	Level 1	Level 2	Level 3
Accounts and grants receivable	\$ 606,866	\$ -	\$ 470,954	\$ 135,912

Composition of assets utilizing fair value measurements at December 31, 2021 is as follows:

	Totals	Level 1	Level 2	Level 3
Accounts and grants receivable	\$ 390,065	\$ -	\$ 275,149	\$ 114,916

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on "unobservable inputs," such as a company's own estimates and pricing models.

One Heart Worldwide

Notes to Financial Statements December 31, 2022 and 2021

7. Property and Equipment

Property and equipment consist of the following at December 31:

	2022	2021
Furniture and Fixtures	\$ -	\$ 2,792
Equipment	-	21,000
Computer	10,151	37,210
Less: accumulated depreciation	(5,855)	(54,666)
Property and equipment, net	<u>\$ 4,296</u>	<u>\$ 6,336</u>

Depreciation expense amounted to \$2,040 and \$2,040 for the years ended December 31, 2022 and 2021, respectively.

8. Right of Use Asset and Leases

As of December 31, 2022 One Heart Worldwide is obligated under several separate operating lease agreements as follows: (a) Bardibas office: long-term lease expiring March 2024; (b) Katmandu office: long-term lease expiring February 2024; (c) Surkhet office: long-term lease expiring June 2024; and (d) short term leases in various areas in Nepal.

In accordance with *ASU 2016-02, Leases*, One Heart Worldwide is required to reflect the present value of future operating lease payments (discounted at an appropriate borrowing rate) as a "Right of Use" asset with a corresponding lease liability. Accordingly, One Heart Worldwide has recorded a total lease liability in the amount of \$32,893 (split between current amount of \$21,699 and noncurrent amount of \$11,194) and a corresponding right of use asset for the premises in the amount of \$30,311. The weighted average discount rate associated with the calculation of the present value of the future lease payments as of December 31, 2022 was 4.0%. Total rent expense for the years ended December 31, 2022 and 2021 amounted to \$46,455 and \$57,526, respectively, and is included with rent and utilities on the statement of functional expenses.

Future minimum lease payments under contractual rental obligations as of December 31, 2022 are as follows: Year ending December 31, 2023: \$24,126; and Year ending December 31, 2024: \$4,248.

9. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences*. Under ASC 710.25, One Heart Worldwide is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Annual leave accruals are recorded in the financial statements as an accrued liability based on hourly rates in effect at the end of the fiscal year. Accrued payroll liabilities amounted to \$61,929 and \$129,683 at December 31, 2022 and 2021, respectively, and are included with accrued payroll related expenses on the statements of financial position.

Notes to Financial Statements
December 31, 2022 and 2021

10. Liquidity

One Heart Worldwide regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. One Heart Worldwide has various sources of liquidity at its disposal, including cash and equivalents and receivables.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, One Heart Worldwide considers all expenditures related to its ongoing activities of promoting healthier lives and prevent disease among underserved populations as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, One Heart Worldwide operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of One Heart Worldwide's cash and shows positive cash generated by operations for years ended December 31, 2022 and 2021.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 1,554,151	\$ 1,765,572
Accounts, grants, and contracts receivable (current portion)	470,954	275,149
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	(437,500)	(782,314)
Financial assets available to meet general expenditures over the next twelve months	\$ 1,587,605	\$ 1,258,407

One Heart Worldwide receives a substantial amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, One Heart Worldwide must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

As part of One Heart Worldwide's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. One Heart Worldwide's goal is generally to maintain financial assets to meet 120 days of operating expenses.

11. Retirement Plan

One Heart Worldwide offers employees the opportunity for participation in a salary reduction retirement plan qualified under Internal Revenue Code Section 401(k). This plan covers eligible employees who have satisfied plan requirements for eligibility. During the years ended December 31, 2022 and 2021, One Heart Worldwide made employer-matching contributions of \$52,909 and \$38,986, respectively.

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Notes to Financial Statements December 31, 2022 and 2021

12. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions of \$867,807 and \$1,116,390 at December 31, 2022 and 2021, respectively, represents the cumulative operating surpluses of One Heart Worldwide since its inception.

Net Assets With Donor Restrictions

One Heart Worldwide recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expired. Net assets with donor restrictions consist of the following at December 31:

	2022	2021
Charitable Foundation	\$ 149,841	\$ 263,709
Mulago	-	100,000
Cartier	500,000	-
Weyerhaeuser Family Foundation	35,000	30,000
Direct Relief	10,033	-
Schooner Foundation	55,028	161,750
Laerdal Foundation	8,363	35,000
Vitol Foundation	-	139,135
Tides Foundation	187,500	-
Various	130,000	152,720
Totals	<u>\$ 1,040,765</u>	<u>\$ 882,314</u>

During the years ended December 31, 2022 and 2021, contributions to net assets with donor restrictions amounted to \$1,318,000 and \$976,160, respectively. Net assets released from restrictions amounted to \$1,159,549 and \$928,240 during the years ended December 31, 2022 and 2021, respectively.

13. Contributions of Nonfinancial Assets

One Heart Worldwide recognizes donated services which create and enhance non-financial assets or that require specialized skills (such as professional services which would otherwise need to be purchased if not provided by donation). There are also unpaid volunteers who have made significant contributions of time to various departments or programs of One Heart Worldwide. The value of this contributed time is not reflected in the financial statements because it is not susceptible to objective measurement or valuation and therefore did not meet the criteria for recognition under *ASC 958.605.30-11 "Revenue Recognition of Not-For-Profit Entities."*

During the years ended December 31, 2022 and 2021, One Heart Worldwide was the recipient of certain in-kind contributions which satisfied the provisions of *ASC 958.605.30-11* and these donated services, materials, and facilities were recorded at their estimated fair market values as in-kind contributions. One Heart Worldwide received \$44,752 and \$22,068,046 in donated supplies for the years ended December 31, 2022 and 2021, respectively. These physical items included a variety of medical machines were used for programmatic activities and were recognized at fair value based on current rates for similar items. None of the items were subsequently sold or monetized.

Notes to Financial Statements
December 31, 2022 and 2021

14. Contracts

One Heart Worldwide is engaged with a large number of contractors to renovate health facilities in various locations. One Heart Worldwide has assumed financial responsibility ranging from 27% to 60% of the total construction costs under these contracts. As of December 31, 2022, three of the contracts were still outstanding with the expectation that the projects will be completed during 2023. The total remaining commitments from these contracts are estimated to be \$22,613 at December 31, 2022 but have not been accrued have not reflected on the statements of financial position.

Subsequent to year-end, One Heart Worldwide entered into various contracts to renovate health facilities. As of October 27, 2023 (the date of the Independent Auditors' Report), One Heart Worldwide has entered into eleven different contracts with a total commitment of \$116,918. These amounts have not been accrued and have not been reflected on the statements of financial position.

15. COVID-19

As a result of COVID-19 and its variants, the worldwide threat continues to (a) impact financial markets, (b) threaten revenue streams, and (c) impact private enterprises with which One Heart Worldwide conducts business. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, continues to present challenges.

16. Commitments and Contingencies

In the normal course of business One Heart Worldwide could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate One Heart Worldwide to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond One Heart Worldwide's control, such as generosity of donors and general economic conditions, (c) employment and service agreements with key management personnel, including executive officers of the organization, and (d) financial risks associated with funds on deposit in accounts at financial institutions. Certain of the grants and contracts (including current and prior costs) are subject to adjustment upon review and final acceptance by the granting agency. Management believes that such commitments, contingencies, and risks will not have a material adverse effect on the financial statements.

17. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, One Heart Worldwide has evaluated subsequent events through October 26, 2023, the date the financial statements were available to be issued. In the opinion of management, except for the contract commitments noted in Note 11, there are no other subsequent events which necessitate disclosure.