



# One Heart Worldwide

## Financial Statements

**For the years ended  
December 31, 2020 and 2019**

With Independent Auditors' Report Thereon

# ONE HEART WORLDWIDE

(A California Not-For-Profit Corporation)  
December 31, 2020

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**Independent Auditors' Report**

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**ONE HEART WORLDWIDE**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
One Heart Worldwide

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, 2020 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One Heart Worldwide as of December 31, 2020, 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.

### **Other Matters**

We have previously audited One Heart Worldwide's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Danville, California  
August 20, 2021

*Regalia & Associates*

# One Heart Worldwide

## Statements of Financial Position December 31, 2020 and 2019

### ASSETS

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 2,179,482	\$ 1,311,618
Accounts and grants receivable	490,159	390,605
Prepaid expenses and other assets	41,135	64,463
	<hr/>	<hr/>
Total current assets	2,710,776	1,766,686
Noncurrent assets:		
Accounts and grants receivable	100,000	165,000
Property and Equipment, Net	8,376	9,917
Right of use asset - premises	58,560	29,738
Total noncurrent assets	<hr/> 166,936	<hr/> 204,655
Total assets	<hr/> <b>\$ 2,877,712</b>	<hr/> <b>\$ 1,971,341</b>

### LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 177,380	\$ 73,459
Accrued payroll liabilities	156,137	82,066
Refundable advances	130,000	60,000
Lease payable - current portion	19,247	15,118
	<hr/>	<hr/>
Total current liabilities	482,764	230,643
Noncurrent liabilities:		
Lease payable - noncurrent portion	<hr/> 39,313	<hr/> 14,620
Net assets:		
Without donor restrictions	1,521,241	1,024,293
With donor restrictions	834,394	701,785
	<hr/>	<hr/>
Total net assets	2,355,635	1,726,078
Total liabilities and net assets	<hr/> <b>\$ 2,877,712</b>	<hr/> <b>\$ 1,971,341</b>

# One Heart Worldwide

## Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2020

*(with Summarized Financial Information for the Year Ended December 31, 2019)*

<i>Changes in net assets:</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2020 Total</b>	<b>2019 Total</b>
Revenue and support:				
Program fees and other earned income				
Contributed income:				
Foundation and corporate grants	\$ 1,930,849	\$ 1,314,900	<b>\$ 3,245,749</b>	\$ 1,856,526
Individual donations	138,795	10,000	<b>148,795</b>	75,898
Special events	28,047	-	<b>28,047</b>	71,495
In-kind contributions	637,896	-	<b>637,896</b>	277,373
Net assets released from restrictions	1,192,291	(1,192,291)	-	-
Total contributed income	<b>3,927,878</b>	<b>132,609</b>	<b>4,060,487</b>	<b>2,281,292</b>
Earned revenue:				
Exchange gains	2,516	-	<b>2,516</b>	1,161
Interest income	157	-	<b>157</b>	217
Other income	1	-	<b>1</b>	(17)
Total earned revenue	<b>2,674</b>	<b>-</b>	<b>2,674</b>	<b>1,361</b>
Total revenue and support	<b>3,930,552</b>	<b>132,609</b>	<b>4,063,161</b>	<b>2,282,653</b>
Expenses:				
Program expenses	2,995,556	-	<b>2,995,556</b>	2,681,713
General and administrative	359,598	-	<b>359,598</b>	325,358
Fundraising	78,450	-	<b>78,450</b>	71,518
Total expenses	<b>3,433,604</b>	<b>-</b>	<b>3,433,604</b>	<b>3,078,589</b>
Increase (decrease) in net assets	496,948	132,609	<b>629,557</b>	(795,936)
Net assets at beginning of year	1,024,293	701,785	<b>1,726,078</b>	2,522,014
Net assets at end of year	<b>\$ 1,521,241</b>	<b>\$ 834,394</b>	<b>\$ 2,355,635</b>	<b>\$ 1,726,078</b>

# One Heart Worldwide

## Statements of Cash Flows For the Years Ended December 31, 2020 and 2019

	2020	2019
<i>Operating activities:</i>		
Increase (decrease) in net assets	\$ 629,557	\$ (795,936)
Adjustments to reconcile to cash provided by operating activities:		
Depreciation	3,115	1,776
Changes in:		
Accounts and grants receivable	(34,554)	383,281
Prepaid expenses and other assets	23,328	(31,779)
Accounts payable and accrued liabilities	173,920	81,444
Accrued payroll liabilities	74,071	(26,165)
Cash provided by (used for) operating activities	869,437	(387,379)
<i>Investing activities:</i>		
Acquisition of property and equipment	(1,574)	(8,577)
Recording of right of use asset - premises	(28,822)	1,412
Cash used for investing activities	(30,396)	(7,165)
<i>Financing activities:</i>		
Recording of lease payable related to premises	-	-
Principal payments applied to lease payable	28,822	(1,412)
Cash provided by (used for) financing activities	28,822	(1,412)
Net increase (decrease) in cash and cash equivalents	867,863	(395,956)
Cash and cash equivalents at beginning of year	1,311,618	1,707,574
Cash and cash equivalents at end of year	\$ 2,179,481	\$ 1,311,618
<i>Additional cash flow information:</i>		
State registration taxes paid	\$ 150	\$ 150
Interest and finance charges paid	\$ -	\$ -

**One Heart Worldwide**

**Statement of Functional Expenses  
For the Year Ended December 31, 2020**

*(with Summarized Financial Information for the Year Ended December 31, 2019)*

	<b>Program Services</b>	<b>General and Admin- istrative</b>	<b>Fund- raising</b>	<b>2020 Total</b>	<b>2019 Total</b>
Salaries, Benefits and Taxes	\$ 1,247,395	\$ 59,565	\$ 77,946	<b>\$ 1,384,906</b>	\$ 1,229,793
Professional Services	62,757	132,436	-	<b>195,193</b>	189,507
Rent and Utilities	47,534	43,016	-	<b>90,550</b>	74,216
Transportation and Lodging	12,758	6,468	-	<b>19,226</b>	43,719
Education and Training	194,065	-	-	<b>194,065</b>	386,984
Miscellaneous	7,331	26,241	375	<b>33,947</b>	37,170
Business Development	8,121	57,615	129	<b>65,865</b>	70,591
Bank and Credit Card Fees	2	7,144	-	<b>7,146</b>	2,530
Telephone and Internet	6,341	6,001	-	<b>12,342</b>	13,466
Office Supplies	16,655	6,220	-	<b>22,875</b>	22,003
Birthing Center Work	735,801	-	-	<b>735,801</b>	978,300
Computer and Website	17,274	3,331	-	<b>20,605</b>	18,173
Insurance	1,626	8,446	-	<b>10,072</b>	10,361
Grant expense	637,896	-	-	<b>637,896</b>	-
Depreciation	-	3,115	-	<b>3,115</b>	1,776
<b>Totals</b>	<b>\$ 2,995,556</b>	<b>\$ 359,598</b>	<b>\$ 78,450</b>	<b>\$ 3,433,604</b>	<b>\$ 3,078,589</b>

**Notes to Financial Statements  
December 31, 2020 and 2019**

**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, 2020, 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.

**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, 2019, from which the summarized information was derived.



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

**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, 2020 and 2019

**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, 2020 and 2019.

**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, 2020 and 2019.

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, 2020 and 2019

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

**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.

**Reclassifications** – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements. Specifically, certain prior year balances on the statements of financial position have been restated to conform to the presentation method utilized at December 31, 2020. The reclassifications had no impact on previously reported net assets.

**Revenue and Revenue Recognition** - Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* 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.

**Donated Services and In-Kind Contributions** – In-kind contributions are reflected at the fair value of the contribution received in accordance with *ASC 958.605.30-11*. Contributed services and costs are reflected at the fair value of the contribution received. 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.

Notes to Financial Statements  
December 31, 2020 and 2019

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

**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 OHW 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 OHW's payroll allocations. Other expenses (depreciation and amortization, insurance, and occupancy) 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 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. OHW has followed the recommendation of the update to ensure presentation conformity of its financial statements.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842) Accounting for Leases*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by *ASU No. 2018-01*, *ASU No. 2018-10*, and *ASU No. 2018-11*. This new pronouncement is effective for fiscal years beginning after December 15, 2021, but OHW has elected early implementation. This standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets.

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 July 12, 2021 (the date of the Independent Auditors' Report), OHW management has made this evaluation and has determined that OHW has the ability to continue as a going concern.

In September 2020, the FASB issued *Accounting Standards Update (ASU) 2020-07; Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires that a not-for-profit present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, along with a variety of related disclosures. This standard is effective for entities with annual reporting periods beginning after June 15, 2021.

Notes to Financial Statements  
December 31, 2020 and 2019

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

**Recent and Relevant Accounting Pronouncements** *(continued)* -

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. Accordingly, OHW has incorporated these clarifying standards within the audited financial statements.

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.

**3. Cash and Cash Equivalents**

Cash and cash equivalents include all funds in banks (checking, savings, and certificates of deposit) which have a deposit commitment period 90 days or less. The components of cash and cash equivalents are as follows at December 31:

	<b>2020</b>	<b>2019</b>
Checking accounts	\$ 2,179,459	\$ 598,905
Savings accounts	-	712,713
Total cash and cash equivalents	\$ 2,179,459	\$ 1,311,618

One Heart Worldwide attempts to limit its credit risk associated with cash equivalents by utilizing highly rated financial institutions. All funds reside in various noninterest-bearing domestic and foreign bank accounts.

**4. Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets of \$41,135 and \$64,463 at December 31, 2020 and 2019, respectively, consist primarily of expenditures related to projects under construction, all of which benefit the subsequent fiscal years.

# One Heart Worldwide

## Notes to Financial Statements December 31, 2020 and 2019

### 5. Accounts and Grants Receivable

Accounts and grants receivable of \$590,159 and \$555,605 at December 31, 2020 and 2019, 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:

	<b>2020</b>	<b>2019</b>
Year ending December 31, 2020	\$ -	\$ 390,605
Year ending December 31, 2021	<b>490,159</b>	165,000
Year ending December 31, 2022	<b>100,000</b>	-
Total accounts and grants receivable	<b>590,159</b>	555,605
Less: accounts and grants receivable – current	<b>(490,159)</b>	(390,605)
Accounts and grants receivable – noncurrent	<b>\$ 100,000</b>	\$ 165,000

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, 2020 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, 2020 and 2019, One Heart Worldwide had no bad debt write-offs. Management has evaluated the receivables as of December 31, 2020 and determined that such amounts are fully collectible based on a variety of factors (including the financial strength of the donors involved).

### 6. Fair Value Measurements

Composition of assets utilizing fair value measurements at December 31, 2020 is as follows:

	<b>Totals</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 2,179,482	\$ 2,179,482	\$ -	\$ -
Receivables	590,159	-	490,159	100,000
Totals	\$ 2,769,641	\$ 2,179,482	\$ 490,159	\$ 100,000

Composition of assets utilizing fair value measurements at December 31, 2019 is as follows:

	<b>Totals</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 1,311,618	\$ 1,311,618	\$ -	\$ -
Receivables	555,605	-	390,605	165,000
Totals	\$ 1,867,223	\$ 1,311,618	\$ 390,605	\$ 165,000

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, 2020 and 2019

### 7. Property and Equipment

Property and equipment consist of the following at December 31:

	2020	2019
Furniture and Fixtures	\$ 2,792	\$ 2,792
Equipment	21,000	21,000
Computer	37,210	35,636
Less: accumulated depreciation	(52,626)	(49,511)
Property and equipment, net	<u>\$ 8,376</u>	<u>\$ 9,917</u>

Depreciation expense amounted to \$3,115 and \$1,776 for the years ended December 31, 2020 and 2019, respectively.

### 8. In-Kind Contributions

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, 2020 and 2019, 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 program and supporting revenues and expenses. The values of these contributions as reflected on the statement of activities and changes in net assets are as follows for the years ended December 31, 2020 and 2019:

	2020	2019
In-kind professional services	\$ 52,900	\$ 52,000
Other pro-bono supplies	584,996	225,373
Total in-kind donations received	<u>\$ 637,896</u>	<u>\$ 277,373</u>

### 9. 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 equal to 80% of the total construction costs under these contracts. As of December 31, 2020, four of the contracts were still outstanding with the expectation that the projects will be completed during 2021. The total commitments from these contracts are estimated to be \$52,498 at December 31, 2020.

# One Heart Worldwide

## Notes to Financial Statements December 31, 2020 and 2019

### 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, 2020 and 2019.

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:

	2020	2019
Cash and cash equivalents	\$ 2,179,482	\$ 1,311,618
Accounts, grants, and contracts receivable (current portion)	490,159	390,605
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	(309,394)	(380,245)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,360,247</u>	<u>\$ 1,321,978</u>

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. 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 \$156,137 and \$82,066 at December 31, 2020 and 2019, respectively, and are included with accrued payroll related expenses on the statements of financial position.



# One Heart Worldwide

## Notes to Financial Statements December 31, 2020 and 2019

### 12. Refundable Advances

Refundable advances at December 31, 2020 represent funds received in advance from conditional promises to give towards One Heart Worldwide's programs for activities in Nepal. Such amounts have been recorded as a short-term liability and will be reflected as components of revenue and support in the subsequent fiscal period. Total refundable advances amounted to \$130,000 and \$60,000 at December 31, 2020 and 2019, respectively, and are summarized as follows:

	2020	2019
David Kelby Johnson Memorial Foundation	\$ -	\$ 50,000
Aestus Foundation	-	10,000
Small Business Administration Paycheck Protection Program	130,000	-
Total refundable advances	<u>\$ 130,000</u>	<u>\$ 60,000</u>

### 13. Right of Use Asset and Leases

As of December 31, 2020 One Heart Worldwide is obligated under several separate operating lease agreements as follows: (a) U.S. corporate office: month-to-month; (b) Dharan office: long-term lease expiring March 31, 2021; (c) Katmandu office: long-term lease expiring February 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 and a corresponding lease liability. Accordingly, One Heart Worldwide has recorded a total lease liability in the amount of \$58,560 (split between current amount of \$19,247 and noncurrent amount of \$39,313) and a corresponding right of use asset for the premises in the amount of \$58,560. The weighted average discount rate associated with the calculation of the present value of the future lease payments as of December 31, 2020 was 4.0%. Total rent expense for the years ended December 31, 2020 and 2019 amounted to \$92,270 and \$71,755, 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, 2020 are as follows: Year ending December 31, 2021: \$21,621; Year ending December 31, 2022: \$20,261; Year ending December 31, 2023: \$20,261; and Year ending December 31, 2024: \$1,688.

### 14. 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 employees who have satisfied plan requirements for eligibility. During the years ended December 31, 2020 and 2019, One Heart Worldwide made employer-matching contributions of \$37,800 and \$26,815, respectively.

# One Heart Worldwide

## Notes to Financial Statements December 31, 2020 and 2019

### 15. SBA and Paycheck Protection Program

During May 2020, One Heart Worldwide received \$130,000 in a forgivable loan under the Small Business Administration Paycheck Protection Program ("PPP"). Congress established the PPP to provide relief to small businesses during the coronavirus pandemic as part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. This legislation authorized the United States Treasury Department to use the SBA's 7(1) small business lending program to fund loans of up to \$10 million per borrower that qualifying entities can spend to cover payroll, interest, rent and utilities.

One Heart Worldwide expended the funds and utilized the proceeds for payroll, operating overhead, and other eligible costs in accordance with its agreement with the SBA. Accordingly, the loan of \$130,000 has been reflected as a component of refundable advances on the statements of financial position in accordance with *ASU 2018-08*. On January 29, 2021, One Heart Worldwide received formal forgiveness from the SBA and will transfer the balance to government contributed income during the year ending December 31, 2021.

### 16. Net Assets

#### 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:

	<u>2020</u>	<u>2019</u>
Charitable Foundation	\$ -	\$ 55,096
Mulago	300,000	-
International Foundation	7,520	-
Weyerhaeuser Family Foundation	30,000	-
Planet Wheeler Foundation	200,000	-
Schooner Foundation	239,874	264,871
Tides Foundation	-	100,000
Vitol Foundation	57,000	221,540
Various	-	60,278
Totals	<u>\$ 834,394</u>	<u>\$ 701,785</u>

During the years ended December 31, 2020 and 2019, contributions to net assets with donor restrictions amounted to \$1,324,900 and \$516,772, respectively. Net assets released from restrictions amounted to \$1,192,291 and \$916,221 during the years ended December 31, 2020 and 2019, respectively.

#### Net Assets Without Donor Restrictions

Net assets without donor restrictions of \$1,521,241 and \$1,024,293 at December 31, 2020 and 2019, respectively, represents the cumulative operating surpluses of One Heart Worldwide since its inception.

**17. 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.

**18. COVID-19**

Although the COVID-19 threat has abated, 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. Management monitors and evaluates its options. These financial statements do not contain any adjustments related to economic losses which may or may not be realized.

**19. Subsequent Events**

In compliance with *ASC 855, Subsequent Events*, One Heart Worldwide has evaluated subsequent events through August 20, 2021, the date the financial statements were available to be issued. On January 29, 2021, One Heart Worldwide received formal forgiveness from the SBA and will transfer the balance to government contributed income during the year ending December 31, 2021 (as disclosed in Note 15). In the opinion of management, there are no other subsequent events which are required to be disclosed.