



Certified Public Accountants
and Financial Advisors

MEDIC MOBILE, INC. AND SUBSIDIARY
Consolidated Financial Statements
December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Medic Mobile, Inc. and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Medic Mobile, Inc. and Subsidiary (collectively, the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Medic Mobile Nepal Inc. Private Limited, a wholly owned subsidiary, whose statements reflect total assets of \$162,766 and total revenues of \$406,841 as of and for the year ended December 31, 2019. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Medic Mobile Nepal Inc. Private Limited, is based solely on the report of the other auditors. 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 of 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 auditor's 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 consolidated 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 consolidated 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Medic Mobile, Inc. and Subsidiary as of December 31, 2019, and the changes in net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11, the Organization's financial statements as of and for the year ended December 31, 2018 was restated to reflect the value added tax liability not previously recorded. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of Medic Mobile, Inc. and Subsidiary as of and for the year ended December 31, 2018, before they were restated for the matter discussed in Note 11 to the financial statements, were audited by other auditors whose report dated July 31, 2019, expressed an unmodified opinion.

As part of our audit of financial statements as of and for the year ended December 31, 2019, we also audited the adjustment described in Note 11 that was applied to restate the summarized financial statements as of and for the year ended December 31, 2018. In our opinion the adjustment is appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the financial statements of Medic Mobile, Inc. and Subsidiary as of and for the year ended December 31, 2018, other than with respect to the adjustment and accordingly, we do not express an opinion or any other form of assurance on the financial statements as of and for the year ended December 31, 2018, as a whole.

SQUAR MILNER LLP

San Francisco, California
August 19, 2020

MEDIC MOBILE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2019
(With summarized comparative total for 2018, as restated)

	2019	2018, As Restated
ASSETS		
Current Assets		
Cash	\$ 2,949,133	\$ 1,380,315
Contracts receivable	160,517	184,785
Pledges receivable	721,666	14,790
Prepaid expenses and other current assets	98,667	134,248
Inventory	2,708	2,594
Total current assets	3,932,691	1,716,732
Property and equipment, net	48,282	50,185
Deferred tax asset	72,920	40,828
Total assets	\$ 4,053,893	\$ 1,807,745
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 132,779	\$ 259,516
Taxes payable	150,859	6,326
Accrued wages and vacation	83,073	78,022
Deferred revenue	57,257	122,679
Grant advances	105,000	164,619
Total current liabilities	528,968	631,162
Net Assets		
Without donor restrictions	187,145	679,627
With donor restriction	3,337,780	496,956
Total net assets	3,524,925	1,176,583
Total liabilities and net assets	\$ 4,053,893	\$ 1,807,745

MEDIC MOBILE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019
(With summarized comparative total for 2018, as restated)

	2019			2018, As Restated
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants and contributions	\$ 2,747,882	\$ 3,755,105	\$ 6,502,987	\$ 4,040,360
Contract revenue	1,545,047	-	1,545,047	1,501,870
Other income	89,297	-	89,297	29,887
Net assets released from restrictions	914,281	(914,281)	-	-
TOTAL SUPPORT AND REVENUE	5,296,507	2,840,824	8,137,331	5,572,117
EXPENSES				
Program Services	5,108,672	-	5,108,672	5,294,465
Management and general	631,299	-	631,299	509,187
Fundraising	81,110	-	81,110	126,063
TOTAL EXPENSES	5,821,081	-	5,821,081	5,929,715
CHANGE IN NET ASSETS BEFORE TAXES	(524,574)	2,840,824	2,316,250	(357,598)
Deferred tax benefit (Nepal)	32,092	-	32,092	31,992
CHANGE IN NET ASSETS	(492,482)	2,840,824	2,348,342	(325,606)
NET ASSETS - BEGINNING OF YEAR	679,627	496,956	1,176,583	1,542,394
Prior period adjustment (Note 11)	-	-	-	(40,205)
NET ASSETS - END OF YEAR	\$ 187,145	\$ 3,337,780	\$ 3,524,925	\$ 1,176,583

MEDIC MOBILE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019
(With summarized comparative totals for 2018, as restated)

	2019				2018, As Restated
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 3,059,422	\$ 353,959	\$ 49,613	\$ 3,462,994	\$ 3,385,511
Employee benefits	210,064	24,303	3,407	237,774	174,137
Payroll taxes	112,640	13,032	1,827	127,499	123,914
Total salaries, wages, and related	3,382,126	391,294	54,847	3,828,267	3,683,562
Contract services	1,127,402	98,035	-	1,225,437	1,067,267
Travel	237,453	63,321	15,830	316,604	415,244
Occupancy	87,911	10,105	3,031	101,047	90,991
Dues and subscriptions	56,242	3,125	3,125	62,492	41,097
Professional services	12,964	36,898	-	49,862	49,854
Training	48,535	-	-	48,535	178,659
Conferences, conventions, and meetings	26,539	20,749	965	48,253	31,114
Supplies	33,221	2,373	1,083	36,677	77,799
Insurance	29,876	2,324	996	33,196	24,305
Equipment	27,838	281	-	28,119	121,713
Telephone	23,291	1,663	759	25,713	33,424
Depreciation	11,497	894	383	12,774	13,972
Other operating expenses	1,576	66	17	1,659	88,891
Postage and shipping	1,417	110	48	1,575	2,156
Printing and publication	784	61	26	871	9,667
	<u>\$ 5,108,672</u>	<u>\$ 631,299</u>	<u>\$ 81,110</u>	<u>\$ 5,821,081</u>	<u>\$ 5,929,715</u>

MEDIC MOBILE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019
(With summarized comparative total for 2018, as restated)

	2019	2018, As Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,348,342	\$ (325,606)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,774	13,972
Deferred tax benefit (Nepal)	(32,092)	(31,992)
Changes in operating assets and liabilities:		
Contracts receivable	24,268	(16,213)
Pledges receivable	(706,876)	48,456
Prepaid expenses and other current assets	35,581	(28,743)
Inventory	(111)	25,261
Accounts payable and accrued expenses	17,796	74,187
Accrued wages and vacation	5,051	25,035
Deferred revenue	(65,422)	(304,636)
Grant advances	(59,619)	16,619
Net cash provided by (used in) operating activities	1,579,692	(503,660)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(11,197)	(23,989)
Proceeds from sale of property and equipment	323	-
Net cash used in investing activities	(10,874)	(23,989)
Increase (decrease) in cash and cash equivalents	1,568,818	(527,649)
CASH AND CASH EQUIVALENTS - beginning of year	1,380,315	1,907,964
CASH AND CASH EQUIVALENTS - end of year	\$ 2,949,133	\$ 1,380,315
Supplemental disclosures		
Cash paid for taxes	-	\$ 47

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENT
December 31, 2019

1. DESCRIPTION OF OPERATIONS

Medic Mobile, Inc. (a New York nonprofit public benefit corporation) was founded in 2010 with a mission to improve health in the hardest-to-reach communities and advance global health equity. Medic Mobile, Inc. was incorporated as a nonprofit public benefit corporation in the state of New York on February 11, 2011.

In 2015, Medic Mobile Nepal Inc. Private Limited was incorporated in Nepal with a single shareholder, Medic Mobile, Inc., to help fulfill the mission of Medic Mobile, Inc.

The following is a description of the Organization's Program Services:

The Organization designs, delivers, and supports software that helps community health workers, managers, and clinical teams work together to provide care. The Organization's tools support health workers across the globe. The Organization works with more than 100 partners to deliver its technology toolkit to health workers, and also distributes a free, self-service version of its software and training resources. In 2019, Medic Mobile, Inc. and collaborating partners launched the Community Health Toolkit as a global public good. Medic Mobile, Inc. serves as the technical steward for this open-source project.

The Organization's work is inspired by community health workers. The Organization believes there is immense potential in their compassion for their neighbors, understanding of their community, eagerness to learn, and willingness to try new things to improve health. The status quo is that these health workers are often isolated and left without real support systems, but the Organization has seen this change. Every health worker should know and feel that the world and its resources are with them.

The Organization's approach is based on solidarity, rather than charity alone. The Organization acknowledges that the poorest and most marginalized people are systematically more likely to be exposed to disease and harm and less likely to access working health systems or robust software tools. Far too often, communities are not afforded opportunities to redesign these systems and tools in a participatory, human-centered manner.

Working alongside many local partners, the Organization asserts humanity in the struggle for a more just and caring society, in which people can flourish and live with dignity. The approach finds practical expression when the Organization prioritizes partnerships, health workers, services, and tools for the most challenging settings rather than the most common or convenient.

The tools the Organization builds are free, open-source, and deployed at scale in the last mile of healthcare. Evidence-based workflows come together in the software to support health workers and families - helping to ensure safe deliveries, track outbreaks, treat illnesses door-to-door, communicate about emergencies, and more. The software supports key shifts in community health - supporting people-centered care, task-shifting of care and services, proactive systems, data-driven performance management, and a team-based approach to care.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENT
December 31, 2019

1. DESCRIPTION OF OPERATIONS (continued)

The Organization envisions a more just world in which health workers are supported as they provide care for their neighbors, universal health coverage is a reality, and health is secured as a human right. The Organization aims to support health workers serving 100 million people between 2017 and 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Medic Mobile, Inc. and its wholly-owned subsidiary, Medic Mobile Nepal Inc. Private Limited (collectively, the "Organization"). All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations, the Organization reports its financial position and operating activities in two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Net assets without donor restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board has discretionary control in carrying out the operations of the Organization.

Net assets with donor restrictions

Net assets 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 are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization does not have any donor imposed restrictions that are to be maintained to perpetuity at December 31, 2019.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENT
December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considered all short-term, highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization did not have any cash equivalents as of December 31, 2019.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organizations for concentrations of credit risk consist principally of cash and cash equivalents. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with one institution may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor). The Organization has not experienced any losses in such account and believes is it not exposed to any significant credit risk.

Pledges Receivable

Pledges receivable balances due from various foundations and are stated at the amount management expects to collect from outstanding balances. Should it become necessary, management will provide for probable uncollectable amounts through a provision for bad debt expense based on its assessment of the current status of individual accounts. Balance remaining after management has used reasonable collection efforts would be written off through a charge to bad debt expense. At December 31, 2019 the Organization determined that the grants, which are all due within one year, were fully collectable. As such, no allowance for doubtful accounts is considered necessary.

Inventory for Use

Inventory for use consists of phone SIM cards. Inventory values have been recorded at the lower of cost or net realizable value.

Property and Equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$2,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 8 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENT
December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Grants and Contributions

Unconditional contributions are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collected and reasonably assured.

Conditional contributions are recognized only when the conditions they depend on are substantially met and contributions because unconditional.

Contract Revenue

Revenue from contracts which have been classified as “exchange transactions” and program fees are recognized as revenue in the period in which the service is provided. Revenues from fixed-price contracts are recognized using the “percentage-of-completion” method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. Deferred revenue represents advances of resources or revenue received in advance of the earnings process being completed.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Indirect expense allocations are based on salary dollars of staff members for each activity/program.

Income Taxes

Medic Mobile, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 402 of the Not-for-Profit Corporation Law of the State of New York and exempt from state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, Medic Mobile, Inc.’s qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENT
December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The provisions for current income tax is made with reference to the profit in Medic Mobile Nepal Inc. Private Limited for the years ended December 31, 2019 which are based on the provisions of the Nepal Income Tax Act, 2058.

Deferred income tax is provided on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined in consideration to applicable tax rates and regulations at the statement of financial position date and or the rates that are expected to apply when the related deferred income tax assets are realized or the deferred income tax liability is settled. Deferred tax assets are not recognized unless there is virtual and/or reasonable certainty that there will be sufficient future taxable income available to realize such assets.

Each year management considers whether any material tax positions that that the Organization has taken are more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions that the Organization has taken are supported by substantial authority and, hence, do not need to be measured or disclosed in the financial statements

Medic Mobile, Inc. files information returns in the U.S. federal jurisdiction and states of New York and California. The Organization's federal returns for the years ended December 31, 2016 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's New York and California returns for the years ended December 31, 2015 and beyond remain subject to possible examination by the states of New York and California.

Summarized Comparative Financial Statements

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Recently Issued Accounting Standards

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). The new standard is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers. The new standard will be effective for the Organization for the year ending December 31, 2020. The Organization is currently evaluating the impact of its adoption on its financial statements.

The FASB also issued ASU No. 2016-02, Leases (Topic (842) ("ASU 2016-02") for lease accounting to increase transparency and comparability among companies by requiring the recognition of lease assets and lease liabilities by lessees. The new standard will be effective for the Organization for the year ending December 31, 2022, and early adoption is permitted. The Organization is currently evaluating the timing of its adoption and its impact on the financial statements.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENT
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3. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The ASU clarified and improved the scope and accounting guidance around contributions of cash and other assets received and made by all entities, including business entities. The ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional or unconditional. The adoption of ASU 2018-08 did not have a material effect on the Organization's financial position or results of operations.

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Contracts and grants receivable consist of amounts expected to be received within one year from December 31, 2019. These receivables will be available to support general operations of the Organization.

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

Cash and cash equivalents	\$ 2,949,133
Contracts receivable	160,517
Grants receivable	<u>721,666</u>
Total financial assets	3,831,316
Less amounts not available to be used within one year:	
Net assets received with donor restrictions	<u>3,337,780</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 493,536</u></u>

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENT
December 31, 2019

5. PROPERTY AND EQUIPMENT

At December 31, 2019 property and equipment consisted of the following:

Furniture and equipment	\$ 110,157
Less: accumulated depreciation	<u>(61,875)</u>
	<u>\$ 48,282</u>

Depreciation expense for the year ended December 31, 2019 was \$12,774.

6. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2019, net assets with donor restrictions consisted of the following:

Improving Community Health Toolkit	\$ 188,766
Research on innovative lab	2,929,629
Add human capacity to speed up software development, enhance Medic Mobile, Inc's development platform and dashboard system and provide training	120,000
Malawi Project	9,893
Global Meetup	50,000
Seattle Hub Space	<u>39,492</u>
	<u>\$ 3,337,780</u>

Net assets with donor restrictions released from restriction during the year ended December 31, 2019 were as follows:

Ministry of Health (MOH) work in Kenya and Nepal	280,000
Holistic Digital Toolkit	352,253
Improving Community Health Toolkit	90,086
Software implementation patch	7,500
Research on Innovative Lab	70,130
Seattle Hub Space	10,508
Malawi Project	80,804
Training in Nepal	<u>23,000</u>
	<u>\$ 914,281</u>

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENT
December 31, 2019

7. RETIREMENT PLAN

The Organization has a 401(k) plan that covers all eligible employees. Each participant may elect to contribute up to the maximum limit allowed by federal law. The Organization made contributions to the plan for the year ended December 31, 2019 totaling \$25,894.

8. CONTINGENCIES

Contingencies

Grants and contracts awarded to Medic Mobile, Inc. are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs.

Management does not anticipate any material questioned costs for the contracts and grants administered during the period. The Organization would be responsible for the absorption of any over-expenditure of its restricted grants which cannot be covered by additional grant funds or contributions from other sources.

9. CONDITIONAL PROMISES TO GIVE

Conditional promises to give are recognized when the Organization meets the terms of the conditions. Conditional promises to give consisted of the following:

Recognizable in one year or less

Satisfactory completion of semi-annual check-ins and requested follow up	\$ 500,000
Continuance of designated programs and assesment of success targets for grant period	105,000
	<u>\$ 605,000</u>

10. INCOME TAX

For the year ended December 31, 2019, the income tax relates to the operations of Medic Mobile Nepal Inc. Private Limited, and consisted of deferred taxes of \$32,920. There is no current income tax.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENT
December 31, 2019

10. INCOME TAX (continued)

At December 31, 2019, the Organization had a deferred tax asset of \$72,920, primarily attributable to depreciation difference between book and tax, unused tax losses, provision for gratuity and accumulated leave. There was no valuation allowance provided against the deferred income taxes as of December 31, 2019 as Medic Mobile Nepal Inc. Private Limited expects to have taxable profits within seven years, as per provisions of tax laws.

11. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2019, the Organization determined that its wholly owned subsidiary had not previously recorded Value-Added Tax (“VAT”) for revenue received on various invoices. Accordingly, the Organization, restated its Statement of Financial Position as of December 31, 2018 and its Statement of Activities for the year then ended to recognize additional VAT tax liability of \$96,383, the effect of which is as follows:

	Before	After
	Restatement:	Restatement:
Accounts payable and accrued expenses	\$ 163,133	\$ 259,516
Net assets without donor restrictions	\$ 776,010	\$ 679,627
Management and general expenses	\$ 453,009	\$ 509,187
Change in net assets	\$ (269,428)	\$ (325,606)

12. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the World Health Organization declared the COVID-19 outbreak as a pandemic. In addition, as of March 2020, the California State Governor ordered the closure of the physical location of every business, except those identified in the “critical infrastructure sectors,” for a limited period of time. The outbreak has led to severe disruptions and uncertainty to economic conditions and credit and capital markets and funding sources. The Organization has responded to the outbreak and has developed contingency plans for operations depending on future developments. The duration and economic impact of the outbreak is uncertain but it is possible operations may be negatively impacted. The Organization will continue to monitor the situation closely, but given the uncertainty about the situation management cannot estimate the impact to the financial statements.

Subsequent to year end, the Organization applied for and was approved for \$327,600 under the Coronavirus Aid, Relief and Economic Security (CARES) Act Paycheck Protection Program. This loan may be forgiven partially or in full based on meeting certain eligibility requirements.

The Organization evaluated subsequent event through August 19, 2020, which represents the date the consolidated financial statement were available to be issued.