

Medic Mobile, Inc. and Subsidiary

Consolidated Financial Statements

December 31, 2020

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report	1
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7



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, 2020, 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 \$92,963 and total revenues of \$641,688 as of and for the year ended December 31, 2020. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Medic Mobile, Inc. and Subsidiary as of December 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements as of and for the year ended December 31, 2019, and we expressed an unmodified opinion on those audited financial statements in our report dated August 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material aspects, with the audited financial statements from which it has been derived.

Baker Tilly US, LLPA handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

San Francisco, California

October 25, 2021

MEDIC MOBILE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2020
(With summarized comparative total for 2019)

	2020	2019
ASSETS		
Current Assets		
Cash	\$ 5,724,449	\$ 2,949,133
Contracts receivable	398,454	160,517
Pledges receivable	2,500,000	721,666
Prepaid expenses and other current assets	122,649	98,667
Inventory	2,501	2,708
Total current assets	8,748,053	3,932,691
Property and equipment, net	82,940	48,282
Deferred tax asset	58,143	72,920
Total assets	\$ 8,889,136	\$ 4,053,893
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 194,416	\$ 132,779
Taxes payable	37,831	150,859
Accrued wages, vacation, and benefits	126,953	83,073
Deferred revenue	18,606	57,257
Grant advances	-	105,000
Accrued interest	1,092	-
Paycheck Protection Program loan	236,107	-
Total current liabilities	615,005	528,968
Paycheck Protection Program loan - net of current portion	91,493	-
Total liabilities	706,498	528,968
Net Assets		
Without donor restrictions	2,218,586	187,145
With donor restriction	5,964,052	3,337,780
Total net assets	8,182,638	3,524,925
Total liabilities and net assets	\$ 8,889,136	\$ 4,053,893

MEDIC MOBILE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020
(With summarized comparative total for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants and contributions	\$ 4,410,416	\$ 5,803,615	\$ 10,214,031	\$ 6,502,987
Contract revenue	879,301	-	879,301	1,545,047
Other income	44,484	-	44,484	89,297
Net assets released from restrictions	3,177,343	(3,177,343)	-	-
TOTAL SUPPORT AND REVENUE	8,511,544	2,626,272	11,137,816	8,137,331
EXPENSES				
Program Services	4,906,047	-	4,906,047	4,590,070
Management and general	1,108,731	-	1,108,731	926,545
Fundraising	450,548	-	450,548	304,466
TOTAL EXPENSES	6,465,326	-	6,465,326	5,821,081
CHANGE IN NET ASSETS BEFORE TAXES	2,046,218	2,626,272	4,672,490	2,316,250
Deferred tax (expense) benefit (Nepal)	(14,777)	-	(14,777)	32,092
CHANGE IN NET ASSETS	2,031,441	2,626,272	4,657,713	2,348,342
NET ASSETS - BEGINNING OF YEAR	187,145	3,337,780	3,524,925	1,176,583
NET ASSETS - END OF YEAR	\$ 2,218,586	\$ 5,964,052	\$ 8,182,638	\$ 3,524,925

MEDIC MOBILE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020
(With summarized comparative totals for 2019)

	2020				2019
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 3,433,440	\$ 901,235	\$ 388,439	\$ 4,723,114	\$ 4,294,084
Employee taxes and benefits	260,838	67,889	28,585	357,312	335,502
Total salaries, wages, and related expenses	3,694,278	969,124	417,024	5,080,426	4,629,586
Contract services	659,182	71,299	-	730,481	473,981
Conferences and meetups	122,630	15,329	15,329	153,288	183,568
Facilities	95,375	3,012	2,008	100,395	107,669
Dues and subscriptions	72,173	4,010	4,010	80,193	64,448
Bad debt expense	53,685	-	-	53,685	-
Other operating expenses	48,287	2,317	1,545	52,149	-
Travel & meetings	31,971	8,321	3,504	43,796	154,059
Training	31,011	1,723	1,723	34,457	48,535
Insurance	24,451	6,364	2,680	33,495	32,552
Office supplies	21,619	1,201	1,201	24,021	27,095
Fees	-	23,505	-	23,505	26,441
Telephone	17,651	981	981	19,613	25,714
Depreciation	15,826	554	369	16,749	12,757
Equipment	12,156	248	-	12,404	22,157
Supplies	4,215	133	89	4,437	9,581
Postage and mailing	866	48	48	962	1,574
Printing and publication	671	37	37	745	871
Bank charges	-	525	-	525	493
	<u>\$ 4,906,047</u>	<u>\$ 1,108,731</u>	<u>\$ 450,548</u>	<u>\$ 6,465,326</u>	<u>\$ 5,821,081</u>

MEDIC MOBILE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020
(With summarized comparative total for 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,657,713	\$ 2,348,342
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,749	12,774
Deferred tax benefit (Nepal)	14,777	(32,092)
Changes in operating assets and liabilities:		
Contracts receivable	(237,937)	24,268
Pledges receivable	(1,778,334)	(706,876)
Prepaid expenses and other current assets	(23,982)	35,581
Inventory	207	(111)
Accounts payable and accrued expenses	(51,391)	17,796
Accrued wages and vacation	43,880	5,051
Deferred revenue	(38,651)	(65,422)
Accrued interest	1,092	-
Grant advances	(105,000)	(59,619)
Net cash provided by operating activities	2,499,123	1,579,692
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(51,407)	(11,197)
Proceeds from sale of property and equipment	-	323
Net cash used in investing activities	(51,407)	(10,874)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	327,600	-
Net cash used provided by financing activities	327,600	-
Increase in cash and cash equivalents	2,775,316	1,568,818
CASH AND CASH EQUIVALENTS - beginning of year	2,949,133	1,380,315
CASH AND CASH EQUIVALENTS - end of year	\$ 5,724,449	\$ 2,949,133

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

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 partners around the world 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 STATEMENTS
December 31, 2020

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, 2020.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

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, 2020.

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, 2020 the Organization determined that the pledges 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 STATEMENTS
December 31, 2020

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 become unconditional.

Contract Revenue

Revenue recognition is evaluated under Accounting Standards Codification (“ASC”) 606 (refer to Note 2) through the following five steps: (i) identification of the contract or contracts with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied. The Organization assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations.

The Organization generates revenue from developing applications for customers with features and functionalities that are highly customizable. In order to provide this service, the Organization often conducts research related to the impact of where its tools are deployed, data science initiatives to increase impact, and innovation on new features and functionalities. Additionally, the Organization provides implementation support and training unique to each customer and contract.

The Organization recognizes revenue related to its services in accordance with the satisfaction of the underlying performance obligations. Performance obligations consist of, but are not limited to, developing customized applications that support various health service professionals, conducting research related to the application, and providing implementation support and training that is tailored to the application. These performance obligations are typically bundled together, and revenue is recognized at the point in time when the application goes live.

Payment terms are explicitly stated in individual contracts and can vary. The Organization does not offer rights of return for its services or refunds in the normal course of business.

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.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain amounts in the prior year financial statements were reclassified to conform with the current year presentation.

Subsequent Events

The Organization evaluated subsequent events through October 25, 2021, which represents the date the consolidated financial statements were available to be issued.

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.

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, 2020 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, 2017 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, 2016 and beyond remain subject to possible examination by the states of New York and California.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summarized Comparative Financial Statements

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class nor functional expense by natural 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, 2019, from which the summarized information was derived.

Recently Issued Accounting Standards

During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. FASB has issued subsequent standards that deferred the implementation date. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Organization is currently assessing the effect that Topic 842 (as amended) will have on its results of operations, financial position and cash flows.

During June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments." ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. FASB has issued subsequent standards to clarify, correct errors in or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022. Early adoption is permitted for annual and interim periods beginning after December 15, 2018. The Organization is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its results of operations, financial position and cash flows.

During September 2020, the FASB issued ASU No. 2020-07, "Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets." ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Organization is currently assessing the effect that ASU No. 2020-07 will have on its financial statements.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

3. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

On August 18, 2016, FASB issued ASU 2014-09, Revenue from Contracts with Customers, which replaces most existing revenue recognition guidance in U.S. GAAP and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. ASU 2014-09 and its amendments were included primarily in Accounting Standards Codification (“ASC”) 606. The Organization has adjusted the presentation of its financial statements accordingly.

The core principle of ASC 606 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. Revenue is recognized when control of the promised goods or services is transferred to customers. ASC 606 also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments used (refer to Note 1). The Company adopted ASC 606 effective January 1, 2020, using the modified retrospective method. The adoption of ASC 606 did not have a material effect on the Organization’s consolidated financial position or results of operations and there was no cumulative effect adjustment to the opening balance of retained earnings as of January 1, 2020 as a result of ASC 606 implementation.

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, 2020. 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	\$ 5,724,449
Contracts receivable	398,454
Grants receivable	<u>2,500,000</u>
Total financial assets	8,622,903
Less amounts not available to be used within one year:	
Net assets received with donor restrictions	<u>(5,964,052)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,658,851</u>

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

5. CONDITIONAL PROMISES TO GIVE

At December 31, 2020 grants and contributions amounting to \$1,334,000 have not been recognized in the accompanying financial statement because the conditions on which they depend have not been met. The condition is the receipts and acceptance by the grantor of definitive budgets and evidence, satisfactory to the grantor, of sufficient sources of funds to support such budget.

6. PROPERTY AND EQUIPMENT

At December 31, 2020 property and equipment consisted of the following:

Furniture and equipment	\$	158,242
Less: accumulated depreciation		<u>(75,302)</u>
	\$	<u>82,940</u>

Depreciation expense for the year ended December 31, 2020 was \$16,793.

7. PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Organization received loan proceeds in the amount of \$327,600 under the Paycheck Protection Program (“PPP”) which was established as part of the Coronavirus Aid, Relief and Economic Security (“CARES”) Act and is administered through the Small Business Administration (“SBA”). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a “covered period” (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over 2 years at an interest rate of 1% with payments deferred until the SBA remits the borrower’s loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. The Organization may request to repay the loan over five years and the request is subject to the approval of the lender. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Organization met the PPP’s loan forgiveness requirements, and therefore, applied for forgiveness in January 2021. In January 2021, the Organization also received legal release from the SBA, and therefore will record the amount forgiven of \$327,600 and accrued interest of \$1,092, as forgiveness income in its 2021 statement of activities.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

7. PAYCHECK PROTECTION PROGRAM LOAN (continued)

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

8. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020, net assets with donor restrictions consisted of the following:

Subject to purpose restriction	
Improving Community Health Toolkit	669,485
Research on Innovative Lab	2,049,879
Capacity building, platform development enhancement, and training	127,903
Nepal work	77,500
New Analytical Modules	746,224
Point of Care Tools Project	126,700
Seattle Hub Space	16,362
COVID	350,000
Subject to time restriction	
Time	<u>1,800,000</u>
Total	<u><u>5,964,052</u></u>

Net assets with donor restrictions released from restriction during the year ended December 31, 2020 were as follows:

Capacity building, platform development enhancement, and training	192,097
Improving Community Health Toolkit	868,696
Development of Medic Research, an innovation lab	879,750
New Analytical Modules	253,777
Seattle Hub Space	23,130
Global Meetup	50,000
Malawi Project	9,893
COVID	100,000
Subject to time restrictions	
Time	<u>800,000</u>
Total	<u><u>3,177,343</u></u>

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

9. 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, 2020 totaling \$23,092.

10. INCOME TAX

For the year ended December 31, 2020, the income tax relates to the operations of Medic Mobile Nepal Inc. Private Limited, and consisted of current income taxes of \$14,777.

At December 31, 2020, the Organization had a deferred tax asset of \$58,143, 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, 2020 as Medic Mobile Nepal Inc. Private Limited expects to have taxable profits within seven years, as per provisions of tax laws.

11. 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.

12. RISKS AND UNCERTAINTIES

During 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic. 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.