

Medic Mobile, Inc. and Subsidiary

Consolidated Financial Statements

December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Medic Mobile, Inc. and Subsidiary

Opinion

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, 2021, 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").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

We did not audit the financial statements of Medic Mobile Nepal Inc. Private Limited, a wholly owned subsidiary, whose statements reflect total assets of \$119,663 and total revenues of \$665,540 as of and for the year ended December 31, 2021. 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's consolidated financial statements as of and for the year ended December 31, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Baker Tilly US, LLP

San Francisco, California
February 10, 2023

MEDIC MOBILE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2021
(With summarized comparative totals for 2020)

	2021	2020
ASSETS		
Current Assets		
Cash	\$ 3,905,694	\$5,724,449
Contracts receivable	719,032	398,454
Grants receivable	1,950,000	2,500,000
Prepaid expenses and other current assets	164,948	122,649
Inventory	2,445	2,501
Total current assets	6,742,119	8,748,053
Property and equipment, net	78,904	82,940
Deferred tax asset	63,520	58,143
Total assets	\$ 6,884,543	\$8,889,136
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 99,807	\$ 194,416
Accrued benefits	80,240	126,953
Accrued taxes	23,636	37,831
Deferred revenue	131,108	18,606
Accrued interest	-	1,092
Paycheck Protection Program loan	-	236,107
Total current liabilities	334,791	615,005
Paycheck Protection Program loan - net of current portion	-	91,493
Total liabilities	334,791	706,498
Net Assets		
Without donor restrictions	3,039,721	2,218,586
With donor restrictions		
Time restrictions	1,850,000	1,800,000
Purpose restrictions	1,660,031	4,164,052
Total net assets with donor restrictions	3,510,031	5,964,052
Total net assets	6,549,752	8,182,638
Total liabilities and net assets	\$ 6,884,543	\$8,889,136

MEDIC MOBILE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021
(With summarized comparative totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants and contributions	\$ 2,299,276	\$ 1,811,816	\$ 4,111,092	\$ 10,214,031
Contract revenue	1,150,820	-	1,150,820	879,301
Paycheck Protection Program (PPP) loan forgiveness	328,692	-	328,692	-
Other income	346,718	-	346,718	44,484
Net assets released from restrictions	4,265,837	(4,265,837)	-	-
TOTAL SUPPORT AND REVENUE	8,391,343	(2,454,021)	5,937,322	11,137,816
EXPENSES				
Program Services	6,036,292	-	6,036,292	4,906,047
Management and general	1,119,172	-	1,119,172	1,108,731
Fundraising	420,121	-	420,121	450,548
TOTAL EXPENSES	7,575,585	-	7,575,585	6,465,326
CHANGE IN NET ASSETS BEFORE TAXES	815,758	(2,454,021)	(1,638,263)	4,672,490
Tax (expense) benefit (Nepal)	5,377	-	5,377	(14,777)
CHANGE IN NET ASSETS	821,135	(2,454,021)	(1,632,886)	4,657,713
NET ASSETS - BEGINNING OF YEAR	2,218,586	5,964,052	8,182,638	3,524,925
NET ASSETS - END OF YEAR	\$ 3,039,721	\$ 3,510,031	\$ 6,549,752	\$ 8,182,638

MEDIC MOBILE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021
(With summarized comparative totals for 2020)

	2021				2020
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 3,810,068	\$ 914,416	\$ 355,606	\$ 5,080,090	\$ 4,723,114
Employee taxes and benefits	389,660	93,518	36,368	519,546	357,312
Total salaries, wages, and related expenses	4,199,728	1,007,934	391,974	5,599,636	5,080,426
Contract services	1,314,700	54,280	-	1,368,980	730,481
Training	239,294	13,294	13,294	265,882	187,745
Dues and subscriptions	69,674	4,196	4,529	78,399	80,193
Travel & meetings	51,505	12,361	4,807	68,673	43,796
Facilities	61,957	1,957	1,304	65,218	100,395
Depreciation	27,770	877	585	29,232	16,749
Insurance	18,474	4,434	1,724	24,632	33,495
Supplies	23,361	738	492	24,591	4,437
Fees	-	16,794	-	16,794	23,505
Office supplies	11,808	656	656	13,120	24,021
Equipment	8,346	170	-	8,516	12,404
Telephone	4,721	262	262	5,245	19,613
Other operating expenses	3,161	395	395	3,951	52,149
Postage and mailing	1,230	68	68	1,366	962
Bank charges	-	725	-	725	525
Printing and publication	563	31	31	625	745
Bad debt expense	-	-	-	-	53,685
	<u>\$ 6,036,292</u>	<u>\$ 1,119,172</u>	<u>\$ 420,121</u>	<u>\$ 7,575,585</u>	<u>\$ 6,465,326</u>

MEDIC MOBILE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021
(With summarized comparative totals for 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,632,886)	\$ 4,657,713
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loan forgiveness	(328,692)	-
Depreciation	29,232	16,749
Deferred tax expense (benefit) (Nepal)	(5,377)	14,777
Changes in operating assets and liabilities:		
Contracts receivable	(320,578)	(237,937)
Pledges receivable	550,000	(1,778,334)
Prepaid expenses and other current assets	(42,299)	(23,982)
Inventory	56	207
Accounts payable and accrued expenses	(94,609)	61,637
Accrued benefits	(46,713)	43,880
Accrued taxes	(14,195)	(113,028)
Deferred revenue	112,502	(38,651)
Accrued interest	-	1,092
Grant advances	-	(105,000)
Net cash (used in) provided by operating activities	(1,793,559)	2,499,123
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(29,608)	(51,407)
Proceeds from sale of property and equipment	4,412	-
Net cash used in investing activities	(25,196)	(51,407)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	327,600
Net cash provided by financing activities	-	327,600
(Decrease) Increase in cash and cash equivalents	(1,818,755)	2,775,316
CASH AND CASH EQUIVALENTS - beginning of year	5,724,449	2,949,133
CASH AND CASH EQUIVALENTS - end of year	\$ 3,905,694	\$ 5,724,449

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

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 Organization designs, delivers, and supports world-class open-source software for health workers providing care in the world's hardest-to-reach communities. We believe providing communities with sophisticated, human-centered technology is an effective tool on the path to achieving a more just world, where universal health coverage is a reality and health is a secured human right.

In 2021, the Organization faced a duality of challenge and achievement as the world braved another complex year in the face of devastating COVID-19 surges, the unknown of new variants, and continued loss and isolation that will echo for years to come. That duality – the bright spots and the moments of struggle – seeped into every corner of the Organization's work, into the lives of its 90+ teammates and their families, and throughout every health system in which the Organization is a partner in 15 countries. The Organization's teammates were fully remote, yet deeply connected given their deep experience in being a remote-first workplace. The pandemic called for urgency, and the Organization built tools that are human-centered and informed by research. The Organization prepared for national scale and focused on community-level care, listening and learning from health workers in order to design tools that are customized for their needs, in their neighborhoods, to make quality care delivery accessible to everyone.

The Organization translated the challenge and urgency of pandemic response into the foundations for lasting health system strengthening. As community health workers (CHWs) continued to play a pivotal role in primary care and pandemic response, the Organization honed and expanded the capabilities of the Community Health Toolkit (CHT) to ensure continuity of care when and where it's needed most. The pandemic also magnified the importance of community-level health intervention and leadership and autonomy. As of 2021, six Ministries of Health (MoHs) – Mali, Kenya, Uganda, Nepal, Niger, and Zanzibar – had selected the CHT as a tool of choice for their national community health systems. Collectively supporting more than 350,000 CHWs, these six governments were now connected by the shared goal of equipping this vital workforce with CHT-based digital tools to achieve universal health coverage in the years to come.

The Organization matured, significantly enhancing the CHT Core Framework's well-established codebase as the organization scaled 59 active CHT projects – or app instances – alongside 75 community-based, international NGO, and MoH partners. The CHT supported 22.7 million caring activities and more than 41,400 CHWs in 16 countries across Africa and Asia. As technical stewards of the CHT, the Organization emphasized a deep focus on product and program quality, adding the most users to the CHT--8,889-- in any year since its inception.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 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, 2021.

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, 2021.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations

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.

As of December 31, 2021, 83% of accounts receivable are due from one vendor and 100% of the grants receivable are due from four grantors.

Grants Receivable

Grants 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 grants were fully collectable. As such, no allowance for doubtful accounts is considered necessary.

Inventory

Inventory 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.

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.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contract Revenue

Revenue recognition is evaluated under Accounting Standards Codification (“ASC”) 606 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.

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 STATEMENTS
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (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, 2021 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, 2018 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, 2017 and beyond remain subject to possible examination by the states of New York and California.

Reclassifications

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

Subsequent Events

The Organization evaluated subsequent events through February 10, 2023, which represents the date the consolidated financial statements were available to be issued.

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 consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued Accounting Standards

During February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. ASU 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.

3. 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, 2021. 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	\$ 3,905,694
Contracts receivable	719,032
Grants receivable	<u>1,950,000</u>
Total financial assets	6,574,726
Less amounts not available to be used within one year:	
Net assets received with donor restrictions	<u>(3,510,031)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,064,695</u>

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

4. CONDITIONAL PROMISES TO GIVE

At December 31, 2021 grants and contributions amounting to \$709,412 have not been recognized in the accompanying consolidated financial statement because the conditions on which they depend have not been met and consist of the following:

Receipt and acceptance by the Funder of definitive budgets and evidence, satisfactory to the Funder, of sufficient sources of funds to support such budget.	\$ 666,666
Meet key deliverables stated in the grant agreement with the ultimate goal to create a robust, community driven consensus on key digital standards and interoperability frameworks for Community Health Information Systems	42,746
	<u>\$ 709,412</u>

5. PROPERTY AND EQUIPMENT

At December 31, 2021 property and equipment consisted of the following:

Furniture and equipment	\$ 171,519
Less: accumulated depreciation	<u>(92,615)</u>
	<u>\$ 78,904</u>

Depreciation expense for the year ended December 31, 2021 was \$29,232.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

6. 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 two 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.

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.

7. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021, net assets with donor restrictions consisted of the following:

Subject to purpose restriction	
Research on Innovative Lab	\$ 1,204,936
Capacity building, platform development enhancement, and training	200,000
New Analytical Modules	129,192
Improving Community Health Toolkit	125,903
Subject to time restrictions	
Time	<u>1,850,000</u>
Total	<u><u>\$ 3,510,031</u></u>

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

7. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year ended December 31, 2021 were as follows:

Subject to purpose restrictions	
Research on Innovative Lab	\$ 844,942
Improving Community Health Toolkit	655,398
New Analytical Modules	617,032
COVID	350,000
Capacity building, platform development enhancement, and training	127,903
Point of Care Tools Project	126,700
Nepal work	77,500
Seattle Hub Space	16,362
Subject to time restrictions	
Time	<u>1,450,000</u>
Total	<u>\$ 4,265,837</u>

8. 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, 2021 totaling \$30,713.

9. INCOME TAX

For the year ended December 31, 2021, the income tax relates to the operations of Medic Mobile Nepal Inc. Private Limited, and consisted of a change in deferred taxes of \$5,377. There is no current income tax.

At December 31, 2021, the Organization had a deferred tax asset of \$63,520, 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, 2021 as Medic Mobile Nepal Inc. Private Limited expects to have taxable profits within seven years, as per provisions of tax laws.

10. 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.

MEDIC MOBILE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

10. CONTINGENCIES (continued)

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.