

MEDIC MOBILE, INC. AND SUBSIDIARY

Consolidated Financial Statements

For the Year Ended December 31, 2022

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Independent Auditor's Report

**To the Board of Directors
Medic Mobile, Inc. and Subsidiary
San Francisco, California**

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, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated 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, 2022, 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).

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 Auditor's 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.

Other Matter - Predecessor Auditor

The financial statements of the Organization for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on February 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



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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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Clark Nuber P.S.

Certified Public Accountants
July 28, 2023

MEDIC MOBILE, INC. AND SUBSIDIARY

**Consolidated Statement of Financial Position
December 31, 2022 (With Comparative Totals for 2021)**

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets:		
Cash	\$ 2,593,359	\$ 3,905,694
Contracts receivable	148,153	719,032
Pledges receivable	500,000	1,950,000
Prepaid expenses and other current assets	226,575	164,948
Inventory		2,445
Total Current Assets	3,468,087	6,742,119
Property and equipment, net	62,922	78,904
Deferred tax asset	62,060	63,520
Total Assets	\$ 3,593,069	\$ 6,884,543
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 97,301	\$ 99,807
Accrued benefits	71,099	80,240
Accrued taxes	24,852	23,636
Deferred revenue	39,511	131,108
Total Liabilities	232,763	334,791
Net Assets:		
Without donor restrictions	1,523,600	3,039,721
With donor restrictions-		
Time restrictions	600,000	1,850,000
Purpose restrictions	1,236,706	1,660,031
Total net assets with donor restrictions	1,836,706	3,510,031
Total Net Assets	3,360,306	6,549,752
Total Liabilities and Net Assets	\$ 3,593,069	\$ 6,884,543

See accompanying notes.

MEDIC MOBILE, INC. AND SUBSIDIARY

**Consolidated Statement of Activities
For the Year Ended December 31, 2022 (With Comparative Totals for 2021)**

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Operating Activity				
Support and Revenue:				
Grants and contributions	\$ 2,696,847	\$ 699,776	\$ 3,396,623	\$ 4,111,092
Contract revenue	1,445,040		1,445,040	1,150,820
Paycheck Protection Program (PPP) loan forgiveness				328,692
Other income	10,916		10,916	346,718
Net assets released from restrictions	2,373,101	(2,373,101)		
Total Revenues and Support From Operations	6,525,904	(1,673,325)	4,852,579	5,937,322
Expenses:				
Program services	6,477,732		6,477,732	6,037,710
Management and general	1,045,371		1,045,371	1,113,048
Fundraising	522,684		522,684	424,827
Total Expenses	8,045,787		8,045,787	7,575,585
Total Change in Net Assets From Operations	(1,519,883)	(1,673,325)	(3,193,208)	(1,638,263)
Nonoperating Activity:				
Tax benefit (Nepal)	3,762		3,762	5,377
Total Change in Net Assets	(1,516,121)	(1,673,325)	(3,189,446)	(1,632,886)
Net assets, beginning of year	3,039,721	3,510,031	6,549,752	8,182,638
Net Assets, End of Year	\$ 1,523,600	\$ 1,836,706	\$ 3,360,306	\$ 6,549,752

See accompanying notes.

MEDIC MOBILE, INC. AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022 (With Comparative Totals for 2021)**

	2022				2021 Total
	Program Services	Management and General	Fundraising	Total	
Salaries and wages	\$ 4,606,220	\$ 816,297	\$ 408,146	\$ 5,830,663	\$ 5,219,986
Employee benefits	280,178	49,652	24,826	354,656	300,980
Employee taxes	93,084	16,496	8,248	117,828	142,653
Total salaries, wages and related expenses	4,979,482	882,445	441,220	6,303,147	5,663,619
Consultants and contractors	385,517	68,319	34,160	487,996	849,403
Software expenses	315,036			315,036	269,252
Travel	275,205	18,196	9,098	302,499	58,635
Other operating expenses	206,416	39,225	19,613	265,254	163,540
Training expenses	91,315			91,315	129,383
Insurance	59,204	10,492	5,246	74,942	28,722
Accounting	40,843	7,238	3,619	51,700	44,342
Office	40,650	7,204	3,602	51,456	28,873
Occupancy	39,155	6,939	3,469	49,563	61,388
Depreciation and amortization	21,243	1,119	560	22,922	29,232
Legal	13,000	2,304	1,152	16,456	5,200
Interest	10,666	1,890	945	13,501	16,792
	<u>\$ 6,477,732</u>	<u>\$ 1,045,371</u>	<u>\$ 522,684</u>	<u>\$ 8,045,787</u>	<u>\$ 7,348,381</u>

See accompanying notes.

MEDIC MOBILE, INC. AND SUBSIDIARY**Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022 (With Comparative Totals for 2021)**

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (3,189,446)	\$ (1,632,886)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Loan forgiveness		(328,692)
Depreciation and amortization	22,922	29,232
Loss on disposal of fixed assets	33,730	
Deferred tax expense (benefit)(Nepal)	1,460	(5,377)
Change in assets and liabilities:		
Contracts receivable	570,879	(320,578)
Pledges receivable	1,450,000	550,000
Prepaid expenses and other current assets	(61,627)	(42,299)
Inventory	2,445	56
Accounts payable and accrued expenses	(2,506)	(94,609)
Accrued benefits	(9,141)	(46,713)
Accrued taxes	1,216	(14,195)
Deferred revenue	(91,597)	112,502
Net Cash Used by Operating Activities	<u>(1,271,665)</u>	<u>(1,793,559)</u>
Cash Flows From Investing Activities:		
Proceeds from sale of property and equipment		(29,608)
Purchases of property and equipment	(40,670)	4,412
Net Cash Used by Investing Activities	<u>(40,670)</u>	<u>(25,196)</u>
Net Change in Cash and Cash Equivalents	(1,312,335)	(1,818,755)
Cash and cash equivalents balance, beginning of year	3,905,694	5,724,449
Cash and Cash Equivalents Balance, End of Year	<u>2,593,359</u>	<u>3,905,694</u>

See accompanying notes.

MEDIC MOBILE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Year Ended December 31, 2022

Note 1 - Description of Operations

Medic Mobile, Inc., a California nonprofit public benefit corporation, (the Organization) 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 2022, the Organization returned to a typical rhythm of business as the COVID-19 pandemic waned. Medic welcomed a new CEO and Chief Programs Officer, introduced a formal compensation structure, updated key policies and procedures, improved financial management, and finalized their 2023-2025 Strategic Plan. Travel returned to normal levels after an extended period of remote-only support to Medic's partners. While COVID-19 continued to cause some disruptions, vaccine effectiveness has meant teammates who become infected typically have mild to moderate illness and recover completely. This ability to reconnect with users and teammates was rejuvenating. The Organization's teammates continue to be remote-first, yet deeply connected and well adapted for the changes in workplaces as a result of COVID-19. The Organization prepared for national scale in five countries 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. As of 2022, 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 41,000 CHWs in 16 countries across Africa and Asia (unaudited). As technical stewards of the CHT, the Organization emphasized a deep focus on product and program quality.

Note 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.

MEDIC MOBILE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Year Ended December 31, 2022

Note 2 - Continued

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 that are not subject to donor-imposed stipulations.

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, 2022.

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.

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. 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, 2022, 96% of contracts receivable are due from three vendors and 100% of the pledge receivable is due from one grantor.

Pledges Receivable - Pledges receivable balance is due from a foundation and 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 the valuation allowance. At December 31, 2022, the Organization determined that the grants were fully collectable. As such, no allowance for doubtful accounts is considered necessary.

MEDIC MOBILE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Year Ended December 31, 2022

Note 2 - Continued

Property and Equipment - Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$500 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 10 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. The Organization's policy is to recognize contributions with donor restrictions that are received in the same year that the restrictions expire in the without donor restriction category.

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

Contract Revenue - Revenue recognition is recognized 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.

MEDIC MOBILE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Year Ended December 31, 2022

Note 2 - Continued

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 expenses are allocated first by purpose or benefit and second by level of effort. If an expense is for the sole benefit or purpose of one function of the organization, the expense is allocated appropriately to that particular function. All other indirect expenses are allocated based on the proportional level of effort of the collective organization for each function.

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, 2022 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.

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 July 28, 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, 2021, from which the summarized information was derived.

Note 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, 2022. These receivables will be available to support general operations of the Organization.

MEDIC MOBILE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Year Ended December 31, 2022

Note 3 - Continued

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	\$ 2,593,359
Contracts receivable	148,153
Pledge receivable	<u>500,000</u>
Total financial assets	3,241,512
Less amounts not available to be used within one year- Net assets received with donor restrictions	<u>(1,236,706)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 2,004,806</u></u>

Note 4 - Conditional Promises to Give

At December 31, 2022 grants and contributions amounting to \$643,334 have not been recognized in the accompanying consolidated financial statement because the conditions on which they depend have not been met.

Note 5 - Property and Equipment

At December 31, 2022 property and equipment consisted of the following:

Furniture and equipment	\$ 154,692
Less accumulated depreciation	<u>(91,770)</u>
	<u><u>\$ 62,922</u></u>

Depreciation expense for the year ended December 31, 2022 was \$22,922.

MEDIC MOBILE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Year Ended December 31, 2022

Note 6 - Net Assets With Donor Restrictions

At December 31, 2022, net assets with donor restrictions consisted of the following:

Subject to purpose restrictions-	
Research on innovative lab	\$ 622,056
New analytical modules	14,875
Last mile health project	451,633
Climate project	148,142
Subject to time restrictions-	
Time	<u>600,000</u>
	<u><u>\$ 1,836,706</u></u>

Net assets with donor restrictions released from restriction during the year ended December 31, 2022 were as follows:

Subject to purpose restriction-	
Research on innovative lab	\$ 582,881
New analytical modules	120,455
Capacity building, platform development enhancement and training	200,000
Improving community health toolkit	119,765
Subject to time restrictions-	
Time	<u>1,350,000</u>
	<u><u>\$ 2,373,101</u></u>

Note 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, 2022 totaling \$76,989.

Note 8 - Income Tax

For the year ended December 31, 2022, the income tax relates to the operations of Medic Mobile Nepal Inc. Private Limited, and consisted of a change in deferred taxes of \$3,762. There is no current income tax.

At December 31, 2022, the Organization had a deferred tax asset of \$62,060, 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, 2022 as Medic Mobile Nepal Inc. Private Limited expects to have taxable profits within seven years, as per provisions of tax laws.

MEDIC MOBILE, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022**

Note 9 - 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.