

Healing Hands International, Inc.

Financial Statements
For the Years Ended December 31, 2022 and 2021

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Independent Auditor's Report

Board of Directors
Healing Hands International, Inc.

Opinion

We have audited the financial statements of Healing Hands International, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

The financial statements of the Organization, as of and for the year ended December 31, 2021, were audited by other auditors, whose report, dated May 6, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 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 issued or 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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
May 26, 2023

Healing Hands International, Inc.

Statements of Financial Position

December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 3,847,562	\$ 3,726,563
Accounts receivable	11,370	-
Investments	6,347,044	5,343,846
Prepaid expenses	19,846	18,783
Employee advances	94	33,578
Inventory	240,090	219,630
Property and equipment, net	695,317	753,152
Total assets	<u>\$ 11,161,323</u>	<u>\$ 10,095,552</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 31,687	\$ 18,343
Accrued expenses	44,865	40,672
Funds held for others	42,317	39,739
Total liabilities	<u>118,869</u>	<u>98,754</u>
Net assets		
Without donor restrictions		
Undesignated	1,463,220	1,401,810
Board designated for endowment	6,525,821	7,147,603
With donor restrictions	3,053,413	1,447,385
Total net assets	<u>11,042,454</u>	<u>9,996,798</u>
Total liabilities and net assets	<u>\$ 11,161,323</u>	<u>\$ 10,095,552</u>

Healing Hands International, Inc.
Statement of Activities
For the Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions of cash and other financial assets	\$ 2,105,354	\$ 4,591,789	\$ 6,697,143
Contributions of nonfinancial assets	755,340	-	755,340
Interest income	44,682	-	44,682
Other income	2,608	-	2,608
Unrealized gain (loss) on investments	(716,667)	-	(716,667)
Net assets released from restrictions	<u>2,985,761</u>	<u>(2,985,761)</u>	<u>-</u>
Total support and revenues	5,177,078	1,606,028	6,783,106
Expenses			
Program services	4,948,289	-	4,948,289
Management and general	337,901	-	337,901
Fundraising	<u>451,260</u>	<u>-</u>	<u>451,260</u>
Total expenses	5,737,450	-	5,737,450
Change in net assets	(560,372)	1,606,028	1,045,656
Net assets, beginning of year	<u>8,549,413</u>	<u>1,447,385</u>	<u>9,996,798</u>
Net assets, end of year	\$ 7,989,041	\$ 3,053,413	\$ 11,042,454

Healing Hands International, Inc.
Statement of Activities
For the Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions of cash and other financial assets	\$ 6,651,263	\$ 3,041,429	\$ 9,692,692
Contributions of nonfinancial assets	687,150	-	687,150
Interest income	12,410	-	12,410
Other income	225,000	-	225,000
Unrealized gain (loss) on investments	(6,154)	-	(6,154)
Net assets released from restrictions	<u>2,148,930</u>	<u>(2,148,930)</u>	<u>-</u>
Total support and revenues	9,718,599	892,499	10,611,098
Expenses			
Program services	4,015,908	-	4,015,908
Management and general	373,270	-	373,270
Fundraising	<u>399,853</u>	<u>-</u>	<u>399,853</u>
Total expenses	4,789,031	-	4,789,031
Change in net assets	4,929,568	892,499	5,822,067
Net assets, beginning of year	<u>3,619,845</u>	<u>554,886</u>	<u>4,174,731</u>
Net assets, end of year	\$ 8,549,413	\$ 1,447,385	\$ 9,996,798

Healing Hands International, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program services	Supporting services		Total
		Management and general	Fundraising	
Medical, food, and other relief	\$ 3,078,880	\$ -	\$ -	\$ 3,078,880
Salaries and benefits	941,360	182,358	293,428	1,417,146
Packaging and freight	248,817	-	-	248,817
Advertising	169,767	-	52,479	222,246
Postage and printing	142,465	2,685	64,349	209,499
Other travel	27,579	-	34,162	61,741
Depreciation	47,786	8,908	-	56,694
Bank and credit card fees	42,537	516	-	43,053
Professional fees	12,739	2,512	-	15,251
Office equipment and supplies	39,126	72,106	3,905	115,137
Insurance	30,459	6,006	-	36,465
Travel, missions	134,884	-	-	134,884
Warehouse equipment and supplies	20,953	-	-	20,953
Utilities	-	14,138	-	14,138
Contract labor	-	48,672	-	48,672
Telephone	10,937	-	2,937	13,874
	\$ 4,948,289	\$ 337,901	\$ 451,260	\$ 5,737,450

Healing Hands International, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program services	Supporting services		Total
		Management and general	Fundraising	
Medical, food, and other relief	\$ 2,536,813	\$ -	\$ -	\$ 2,536,813
Salaries and benefits	839,638	221,455	294,019	1,355,112
Packaging and freight	213,169	-	-	213,169
Advertising	121,843	-	29,559	151,402
Postage and printing	95,667	2,594	42,297	140,558
Other travel	28,759	-	21,553	50,312
Depreciation	49,601	11,250	-	60,851
Bank and credit card fees	24,869	5,063	10,720	40,652
Professional fees	31,012	7,033	-	38,045
Office equipment and supplies	-	93,750	-	93,750
Insurance	23,867	5,413	-	29,280
Travel, missions	20,599	-	-	20,599
Warehouse equipment and supplies	19,340	-	-	19,340
Utilities	-	13,512	-	13,512
Contract labor	-	13,200	-	13,200
Telephone	10,731	-	1,705	12,436
	\$ 4,015,908	\$ 373,270	\$ 399,853	\$ 4,789,031

Healing Hands International, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash and cash equivalents, beginning of year	\$ 3,726,563	\$ 3,222,161
Cash flows from operating activities		
Change in net assets	1,045,656	5,822,067
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	56,694	60,851
Unrealized (gain) loss on investments	716,667	6,154
Loss on disposal of property and equipment	1,141	-
Change in:		
Accounts receivable	(11,370)	-
Prepaid expenses	(1,063)	(823)
Employee advances	33,484	(11,006)
Inventory	(20,460)	44,730
Accounts payable	13,344	(77,954)
Accrued expenses	4,193	10,383
Funds held for others	2,578	-
Net cash provided (used) by operating activities	1,840,864	5,854,402
Cash flows from investing activities		
Purchase of investments	(1,719,865)	(5,350,000)
Net change in cash and cash equivalents	120,999	504,402
Cash and cash equivalents, end of year	\$ 3,847,562	\$ 3,726,563

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Organization

Healing Hands International, Inc. (the Organization) is a not-for-profit Christian relief agency incorporated in 1993 to serve missionaries and mission organizations internationally. As part of its humanitarian relief efforts, the Organization has distributed food, medical/agricultural/educational supplies and equipment, and medicine to over 50 countries worldwide. In addition, the Organization drills clean water wells and provides agriculture training in third world countries. In order to accomplish its mission, the Organization campaigns to raise awareness among Christians in the United States. The Organization, headquartered in Nashville, Tennessee, receives contributions from churches, individuals, foundations, and businesses.

Significant accounting policies used in the preparation of the Organization's financial statements are as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Financial statement presentation is in accordance with standards of accounting and financial reporting prescribed for not-for-profit organizations. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors. The Board of Directors has designated certain investments for a board endowment to be used at the Board's discretion.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts and contributions receivable, if any, are reviewed periodically as to their collectability. Based on collection experience and management's review, allowance for doubtful accounts is not considered necessary at December 31, 2022 and 2021.

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Gains or losses on such investments are reported as a change in net assets in the period they occur.

Fair Value Measurements

The Organization has an established process in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) guidelines for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently sourced market data and third party information. Valuation adjustments may be made to ensure financial instruments are recorded at fair value. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. FASB ASC guidance has a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Organization's fixed income securities and equities are valued at the closing price reported on the active market on which the individual securities are traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. .

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Net Asset Value

The Organization uses net asset value (NAV) per share, or its equivalent, as a practical expedient to estimate the fair values of investments in common trust funds that hold investments in a variety of investment instruments including domestic government and corporate debt and equity securities, mutual funds, and foreign equity securities, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy. The net asset value is determined by the funds' manager at the end of each month. Units are issued and redeemed only at the month-end asset value.

Inventory

The Organization's inventory of purchased or donated medical supplies and equipment used in its program efforts is generally included in the accompanying statements of financial position if the value can be readily determined.

Property and Equipment

Property and equipment is recorded at cost and is depreciated over the estimated useful lives of the related assets using the straight-line method. Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. Estimated useful lives for the various classes of assets are as follows:

Buildings	5 – 40 years
Building improvements	5 – 40 years
Software	5 years
Vehicles	5 years

Endowment Funds

The Uniform Prudent Management Institutional Funds Act (UPMIFA) was enacted in Tennessee effective July 1, 2007. The not-for-profit topic of the FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA. It also requires disclosure of a description of the governing board's interpretation of the law that underlies the organization's net asset classification of donor-restricted endowment funds, a description of the organization's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the Organization's endowment investment policies, and additional disclosures not previously required.

New Accounting Pronouncement

In September 2020, the FASB issued Accounting Standards Update (ASU) *Topic 958: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU was retroactively adopted by the Organization on January 1, 2022.

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Contributions of Nonfinancial Assets

The Organization receives substantial support from volunteers who donate their time to accomplish the Organization's purpose. The value of such time is not included in the accompanying financial statements unless the criteria for recognition of such volunteer effort under accounting and reporting standards prescribed for not-for-profit organizations has been satisfied. The Organization also receives other contributions of equipment and supplies. The Organization received approximately 25,000 and 23,000 Magi boxes, consisting of boxes including toys, hygiene items, school supplies, and clothing, during 2022 and 2021, respectively. The value of such items is included in medical, food, and other relief expense, and inventory in the accompanying financial statements at December 31, 2022 and 2021.

During 2022 and 2021, the Organization received contributions of nonfinancial assets valued at \$755,340 and \$687,150, respectively. The Organization chose to record these contributions as the values were readily determinable. Such contributions are generally utilized in the year received. During 2022 and 2021, the Organization recorded in-kind expense of \$734,880 and \$731,880, respectively, in the accompanying statements of activities in medical, food, and other relief.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. While most costs have been directly assigned to a functional category, certain joint costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated consisted primarily of salaries and wages expense which was allocated based on time and effort.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes has been made in the financial statements. The Organization follows FASB ASC guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements.

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 2. Liquidity and Availability

The following table represents the Organization's financial assets reduced by amounts not available for general expenditure within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities of achieving its mission.

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 3,847,562	\$ 3,726,563
Accounts receivable	11,370	-
Investments	<u>6,347,044</u>	<u>5,343,846</u>
Total financial assets at year-end	10,205,976	9,070,409
Less amounts not available to be used within one year		
Board designated for endowment	(6,525,821)	(7,147,603)
Net assets restricted for specific purpose by donors	<u>(3,053,413)</u>	<u>(1,447,385)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 626,742	\$ 475,421

The Organization has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	2022	2021
Synovus Bank		
Money market	\$ 1,104	\$ 119,170
Business checking	1,349,697	1,494,498
Brokerage	-	101
Christian Financial, ready cash	2,424,453	1,192,179
Ecobank, Kenya	1,390	3,235
Western Union	3,583	739
Petty cash	10,218	2,395
John Dube, working fund	251	11,132
Truist Bank		
Interest bearing checking	<u>56,866</u>	<u>903,114</u>
	\$ 3,847,562	\$ 3,726,563

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 4. Investments

Investments consist of the following:

	2022	2021
Investments at fair value (Level 1)		
Cash and cash equivalents	\$ 2,096,113	\$ 1,791,601
Fixed income securities	298,519	102,917
Domestic equities	<u>546,319</u>	<u>-</u>
	2,940,951	1,894,518
Investments at NAV		
Common trust funds	<u>3,406,093</u>	<u>3,449,328</u>
Total investments	\$ 6,347,044	\$ 5,343,846

For 2022 and 2021, unrealized loss on investments amounted to \$716,667 and \$6,154, respectively.

Note 5. Property and Equipment, Net

Property and equipment, net is composed of the following:

	2022	2021
Land	\$ 180,896	\$ 180,896
Building	599,995	599,995
Building improvements	505,037	505,037
Software	20,676	20,676
Vehicles	<u>41,649</u>	<u>47,357</u>
	1,348,253	1,353,961
Less: accumulated depreciation	<u>(652,936)</u>	<u>(600,809)</u>
	\$ 695,317	\$ 753,152

For 2022 and 2021, depreciation expense totaled \$56,694 and \$60,851, respectively.

Note 6. Net Assets With Donor Restriction

Net assets with donor restrictions at December 31, 2022 is summarized in the following schedule:

	Beginning balance	Contributions	Released from restrictions	Ending balance
Contributions restricted for particular purpose				
Water development	\$ 929,171	\$ 1,612,291	\$ (1,526,550)	\$ 1,014,912
Disaster relief	504,691	2,300,722	(913,865)	1,891,548
Empowering women	-	270,741	(262,151)	8,590
Education	13,523	26,903	(27,960)	12,466
Agriculture	-	248,835	(248,835)	-
Endowment	<u>-</u>	<u>132,297</u>	<u>(6,400)</u>	<u>125,897</u>
	\$ 1,447,385	\$ 4,591,789	\$ (2,985,761)	\$ 3,053,413

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 6. Net Assets With Donor Restriction

Net assets with donor restrictions at December 31, 2021 is summarized in the following schedules:

	Beginning balance	Contributions	Released from restrictions	Ending balance
Contributions restricted for particular purpose				
Water development	\$ 385,733	\$ 1,600,236	\$ (1,056,798)	\$ 929,171
Disaster relief	153,877	1,108,112	(757,298)	504,691
Empowering women	-	112,282	(112,282)	-
Education	15,276	26,807	(28,560)	13,523
Agriculture	-	193,992	(193,992)	-
	<u>\$ 554,886</u>	<u>\$ 3,041,429</u>	<u>\$ (2,148,930)</u>	<u>\$ 1,447,385</u>

Note 7. Endowment

The Organization's endowment funds were established to cover the Organization's administrative and fundraising costs so that donor gifts are completely utilized for programmatic purposes. The endowment funds were designated by the Board of Directors to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the UPMIFA as requiring that the Organization classify as net assets with donor restrictions and net assets designated for endowment, (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity may be designated until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds and funds designated by the Board for endowment:

- The duration and preservation of the fund
- The purposes of the Organization and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment net asset composition by type of fund at December 31, 2022 is as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets	\$ 6,525,821	\$ 125,897	\$ 6,651,718

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 7. Endowment

Endowment net asset composition by type of fund at December 31, 2021 is as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets	\$ 7,147,603	\$ -	\$ 7,147,603

Changes in endowment net asset for the year ended December 31, 2022 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 7,147,603	\$ -	\$ 7,147,603
Contributions for endowment	-	132,297	132,297
Grant disbursement	-	(6,400)	(6,400)
Investment return, net	(621,782)	-	(621,782)
Endowment net assets, end of year	\$ 6,525,821	\$ 125,897	\$ 6,651,718

Changes in endowment net asset for the year ended December 31, 2021 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Contributions for endowment	4,275,909	-	4,275,909
Transfers, net	2,877,848	-	2,877,848
Investment return, net	(6,154)	-	(6,154)
Endowment net assets, end of year	\$ 7,147,603	\$ -	\$ 7,147,603

Endowment Investment Policy and Risk Parameters

The Organization has adopted investment policies to allow endowment assets to support the Organization and to enable it to more completely fulfill its mission by providing operational funding for perpetuity. Under the Organization's investment policy for endowment assets, the primary objective is to maintain the accumulated balances and to protect the principal. The policy also requires that the funds, as a whole, should not be subjected to undue investment risk.

Strategies Employed for Achieving Investment Objectives

To satisfy its long-term objectives, the Organization relies on an investment strategy that allows the value of the funds to at least keep pace with inflation. It is expected that the funds' investment performance will be measured by total return, taking into account both income and capital appreciation into consideration. There are no specific guidelines as to how much current income should be generated by the funds' investments. To satisfy its long-term rate-of-return objectives, the Organization's investment policy is to generally maintain 0% to 10% in cash and cash equivalents, 25% to 45% in fixed income securities, 50% to 70% in equities, and 0% to 20% in diversifiers.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization may authorize an annual distribution of up to 3% of the market value calculated on a rolling three-year average market value. Any distributions in excess of 3% during a fiscal year requires approval of a two-thirds majority of the Board. The Organization did not make a distribution during 2021.

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Note 8. Paycheck Protection Program Loan

In 2021, the Organization received a loan of \$225,000 under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA). The application for the PPP loan requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Organization. This certification further requires the Organization to take into account current business activity and the ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan is dependent on the Organization having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan.

The Organization applied for forgiveness with the SBA and the SBA forgave the PPP loan in full in October 2021. As a result, the Organization recognized \$225,000 as other income on the statement of activities for the year ended December 31, 2021.

Note 9. Concentrations

The Organization receives a substantial amount of its support from individuals, churches, and foundations. The Organization received contributions from one donor representing 36% total contributions during 2021. A significant reduction in the level of contributions, if this were to occur, could have an adverse impact on the Organization's programs and services.

The Organization maintains cash and cash equivalents in excess of federally insured limits. The Organization has not experienced any losses in such accounts. As of December 31, 2022 and 2021, the Organization's depository accounts exceeded such insurance limits by approximately \$2,870,000 and \$2,900,000, respectively. In management's opinion, risk related to such concentrations is minimal.

The Organization utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Note 10. Leases

During 2021, the Organization rented office and outreach space in Haiti. During 2022, these leases were terminated. Total rent expense for 2021 was \$36,000.

Note 11. Subsequent Events

Management has evaluated subsequent events through May 26, 2023, the date on which the financial statements were available for issuance.