

Healing Hands International, Inc.

Financial Statements
For the Years Ended December 31, 2024 and 2023

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Financial Statements
For the Years Ended December 31, 2024 and 2023

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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 statements of financial position as of December 31, 2024 and 2023, the related statements of activities, functional expenses, and cash flows for the years 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 audits. 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 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
Nashville, Tennessee
March 24, 2025

Healing Hands International, Inc.

Statements of Financial Position

December 31, 2024 and 2023

| | 2024 | 2023 |
|-----------------------------------|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,764,316 | \$ 1,267,051 |
| Accounts receivable | 6,418 | 3,074 |
| Investments | 11,468,997 | 9,709,487 |
| Prepaid expenses | 27,172 | 17,211 |
| Employee advances | - | 838 |
| Inventory | 129,000 | 141,480 |
| Property and equipment, net | 710,091 | 672,118 |
| Total assets | <u>\$ 14,105,994</u> | <u>\$ 11,811,259</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 14,069 | \$ 6,974 |
| Accrued expenses | 12,912 | 42,519 |
| Funds held for others | 14,317 | 14,317 |
| Total liabilities | <u>41,298</u> | <u>63,810</u> |
| Net assets | | |
| Without donor restrictions | | |
| Undesignated | 1,614,320 | 1,467,561 |
| Board designated for endowment | 9,581,698 | 7,309,419 |
| With donor restrictions | <u>2,868,678</u> | <u>2,970,469</u> |
| Total net assets | <u>14,064,696</u> | <u>11,747,449</u> |
| Total liabilities and net assets | <u>\$ 14,105,994</u> | <u>\$ 11,811,259</u> |

Healing Hands International, Inc.
Statement of Activities
For the Year Ended December 31, 2024

| | Without donor restrictions | With donor restrictions | Total |
|--|---------------------------------------|------------------------------------|----------------------|
| Support and Revenues | | | |
| Contributions of cash and other financial assets | \$ 3,772,037 | \$ 3,478,103 | \$ 7,250,140 |
| Contributions of nonfinancial assets | 776,330 | - | 776,330 |
| Interest income | 120,056 | - | 120,056 |
| Other income | 15,000 | - | 15,000 |
| Unrealized gain (loss) on investments | 754,111 | - | 754,111 |
| Net assets released from restrictions | <u>3,579,894</u> | <u>(3,579,894)</u> | <u>-</u> |
| Total support and revenues | 9,017,428 | (101,791) | 8,915,637 |
| Expenses | | | |
| Program services | 5,678,748 | - | 5,678,748 |
| Management and general | 425,115 | - | 425,115 |
| Fundraising | <u>494,527</u> | <u>-</u> | <u>494,527</u> |
| Total expenses | 6,598,390 | - | 6,598,390 |
| Change in net assets | 2,419,038 | (101,791) | 2,317,247 |
| Net assets, beginning of year | <u>8,776,980</u> | <u>2,970,469</u> | <u>11,747,449</u> |
| Net assets, end of year | \$ 11,196,018 | \$ 2,868,678 | \$ 14,064,696 |

Healing Hands International, Inc.
Statement of Activities
For the Year Ended December 31, 2023

| | Without donor restrictions | With donor restrictions | Total |
|--|---------------------------------------|------------------------------------|----------------------|
| Support and Revenues | | | |
| Contributions of cash and other financial assets | \$ 1,962,968 | \$ 3,594,183 | \$ 5,557,151 |
| Contributions of nonfinancial assets | 832,710 | - | 832,710 |
| Interest income | 127,191 | - | 127,191 |
| Other income | 8,300 | - | 8,300 |
| Unrealized gain (loss) on investments | 755,925 | - | 755,925 |
| Net assets released from restrictions | <u>3,677,127</u> | <u>(3,677,127)</u> | <u>-</u> |
| Total support and revenues | 7,364,221 | (82,944) | 7,281,277 |
| Expenses | | | |
| Program services | 5,768,114 | - | 5,768,114 |
| Management and general | 343,792 | - | 343,792 |
| Fundraising | <u>464,376</u> | <u>-</u> | <u>464,376</u> |
| Total expenses | 6,576,282 | - | 6,576,282 |
| Change in net assets | 787,939 | (82,944) | 704,995 |
| Net assets, beginning of year | <u>7,989,041</u> | <u>3,053,413</u> | <u>11,042,454</u> |
| Net assets, end of year | \$ 8,776,980 | \$ 2,970,469 | \$ 11,747,449 |

Healing Hands International, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2024

| | Program services | Supporting services | | Total |
|----------------------------------|---------------------|---------------------------|-------------------|---------------------|
| | | Management and general | Fundraising | |
| Medical, food, and other relief | \$ 3,589,550 | \$ - | \$ - | \$ 3,589,550 |
| Salaries and benefits | 1,123,632 | 338,348 | 320,324 | 1,782,304 |
| Packaging and freight | 231,609 | - | - | 231,609 |
| Advertising and promotion | 256,646 | - | 63,046 | 319,692 |
| Postage and printing | 102,958 | 1,532 | 63,657 | 168,147 |
| Other travel | 42,776 | 972 | 42,665 | 86,413 |
| Depreciation | 5,905 | 1,622 | - | 7,527 |
| Bank and credit card fees | 25,839 | 4,337 | - | 30,176 |
| Professional fees | 57,306 | 15,739 | 757 | 73,802 |
| Office equipment and supplies | 61,111 | 39,884 | 2,938 | 103,933 |
| Insurance | 28,952 | 7,951 | - | 36,903 |
| Travel, missions | 124,687 | - | - | 124,687 |
| Warehouse equipment and supplies | 17,754 | - | - | 17,754 |
| Utilities | - | 14,590 | - | 14,590 |
| Telephone | 10,023 | 140 | 1,140 | 11,303 |
| | \$ 5,678,748 | \$ 425,115 | \$ 494,527 | \$ 6,598,390 |

Healing Hands International, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2023

| | Program services | Supporting services | | Total |
|----------------------------------|---------------------|---------------------------|-------------------|---------------------|
| | | Management and general | Fundraising | |
| Medical, food, and other relief | \$ 3,710,017 | \$ - | \$ - | \$ 3,710,017 |
| Salaries and benefits | 1,051,397 | 241,547 | 315,681 | 1,608,625 |
| Packaging and freight | 252,395 | - | - | 252,395 |
| Advertising and promotion | 194,973 | - | 54,132 | 249,105 |
| Postage and printing | 147,577 | 1,753 | 51,409 | 200,739 |
| Other travel | 35,108 | - | 39,151 | 74,259 |
| Depreciation | 24,527 | 4,672 | - | 29,199 |
| Bank and credit card fees | 32,960 | 4,577 | - | 37,537 |
| Professional fees | 41,384 | 7,882 | - | 49,266 |
| Office equipment and supplies | 74,692 | 63,774 | 3,338 | 141,804 |
| Insurance | 32,874 | 6,261 | - | 39,135 |
| Travel, missions | 143,833 | - | - | 143,833 |
| Warehouse equipment and supplies | 15,956 | - | - | 15,956 |
| Utilities | - | 13,326 | - | 13,326 |
| Telephone | 10,421 | - | 665 | 11,086 |
| | \$ 5,768,114 | \$ 343,792 | \$ 464,376 | \$ 6,576,282 |

Healing Hands International, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Cash and cash equivalents, beginning of year | \$ 1,267,051 | \$ 3,847,562 |
| Cash flows from operating activities | | |
| Change in net assets | 2,317,247 | 704,995 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 7,527 | 29,199 |
| Unrealized (gain) loss on investments | (754,111) | (755,925) |
| (Gain) loss on disposal of property and equipment | - | (3,800) |
| Change in: | | |
| Accounts receivable | (3,344) | 8,296 |
| Prepaid expenses | (9,961) | 2,635 |
| Employee advances | 838 | (744) |
| Inventory | 12,480 | 98,610 |
| Accounts payable | 7,095 | (24,713) |
| Accrued expenses | (29,607) | (2,346) |
| Funds held for others | - | (28,000) |
| Net cash provided (used) by operating activities | 1,548,164 | 28,207 |
| Cash flows from investing activities | | |
| Purchase of investments | (3,189,901) | (6,956,518) |
| Proceeds from sale of investments | 2,184,502 | 4,350,000 |
| Purchase of property and equipment | (45,500) | (6,000) |
| Proceeds from sale of property and equipment | - | 3,800 |
| Net cash provided (used) by investing activities | (1,050,899) | (2,608,718) |
| Net change in cash and cash equivalents | 497,265 | (2,580,511) |
| Cash and cash equivalents, end of year | \$ 1,764,316 | \$ 1,267,051 |

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

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 and development 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 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, an allowance for credit losses is not considered necessary at December 31, 2024 and 2023.

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

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

Investments

Certain 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, 2024 and 2023

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, foreign equity securities, and diversifiers, 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.

Revenue Recognition

Contributions of Cash and Other Financial Assets

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

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

Revenue Recognition

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 26,000 and 28,000 Magi boxes, consisting of boxes including toys, hygiene items, school supplies, and clothing, during 2024 and 2023, 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, 2024 and 2023.

During 2024 and 2023, the Organization received contributions of nonfinancial assets valued at \$776,330 and \$832,710, respectively. The Organization chose to record these contributions as the values were readily determinable. Such contributions are generally utilized in the year received. During 2024 and 2023, the Organization recorded in-kind expense of \$788,810 and \$931,320, respectively, in the accompanying statements of functional expenses 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.

Reclassifications

Certain reclassifications have been made in the 2023 financial statements to conform to the 2024 presentation. The reclassifications did not result in any impact to changes in net assets.

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

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.

| | 2024 | 2023 |
|--|--------------------|--------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 1,764,316 | \$ 1,267,051 |
| Accounts receivable | 6,418 | 3,074 |
| Investments | <u>11,468,997</u> | <u>9,709,487</u> |
| Total financial assets at year-end | 13,239,731 | 10,979,612 |
| Less amounts not available to be used within one year | | |
| Board designated for endowment | (9,581,698) | (7,309,419) |
| Net assets restricted for specific purpose by donors | <u>(2,868,678)</u> | <u>(2,970,469)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 789,355 | \$ 699,724 |

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:

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Synovus Bank | | |
| Money market | \$ - | \$ 11,191 |
| Business checking | 1,320,642 | 793,189 |
| Christian Financial, ready cash | 268,174 | 260,332 |
| Ecobank, Kenya | 21,835 | 955 |
| Western Union | 61,885 | 13,503 |
| Petty cash | 2,745 | 1,735 |
| John Dube, working fund | 200 | 1,746 |
| Truist Bank, interest bearing checking | <u>88,835</u> | <u>184,400</u> |
| | \$ 1,764,316 | \$ 1,267,051 |

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

Note 4. Investments

Investments consist of the following:

| | 2024 | 2023 |
|-------------------------------------|----------------------|---------------------|
| Investments at fair value (Level 1) | | |
| Cash and cash equivalents | \$ 3,506,304 | \$ 4,025,146 |
| Investments at NAV | | |
| Fixed income securities | 464,502 | 335,347 |
| Domestic equities | 1,016,392 | 804,541 |
| Common trust funds | <u>6,481,799</u> | <u>4,544,453</u> |
| Total investments at NAV | <u>7,962,693</u> | <u>5,684,341</u> |
| Total investments | \$ 11,468,997 | \$ 9,709,487 |

For 2024 and 2023, unrealized gain (loss) on investments amounted to \$754,111 and \$755,925, respectively.

Note 5. Property and Equipment, Net

Property and equipment, net is composed of the following:

| | 2024 | 2023 |
|--------------------------------|-------------------|-------------------|
| Land | \$ 180,896 | \$ 180,896 |
| Building | 599,995 | 599,995 |
| Building improvements | 505,037 | 505,037 |
| Software | 20,676 | 20,676 |
| Vehicles | 41,449 | 41,449 |
| Construction in progress | <u>45,500</u> | <u>-</u> |
| | 1,393,553 | 1,348,053 |
| Less: accumulated depreciation | <u>(683,462)</u> | <u>(675,935)</u> |
| | \$ 710,091 | \$ 672,118 |

For 2024 and 2023, depreciation expense totaled to \$7,527 and \$29,199, respectively.

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

Note 6. Net Assets With Donor Restriction

Net assets with donor restrictions at December 31, 2024 is summarized in the following schedule:

| | Beginning balance | Contributions | Released from restrictions | Ending balance |
|--|------------------------------|----------------------|---------------------------------------|-----------------------|
| Contributions restricted for particular purpose | | | | |
| Water development | \$ 847,767 | \$ 1,972,295 | \$ (1,956,298) | \$ 863,764 |
| Disaster relief | 1,782,490 | 678,491 | (1,117,760) | 1,343,221 |
| Empowering women | - | 277,699 | (277,699) | - |
| Education | 16,371 | 1,245 | (17,616) | - |
| Agriculture | - | 163,491 | (163,491) | - |
| Capital projects | 197,944 | 372,732 | (34,880) | 535,796 |
| Endowment | <u>125,897</u> | <u>12,150</u> | <u>(12,150)</u> | <u>125,897</u> |
| | \$ 2,970,469 | \$ 3,478,103 | \$ (3,579,894) | \$ 2,868,678 |

Net assets with donor restrictions at December 31, 2023 is summarized in the following schedules:

| | Beginning balance | Contributions | Released from restrictions | Ending balance |
|--|------------------------------|----------------------|---------------------------------------|-----------------------|
| Contributions restricted for particular purpose | | | | |
| Water development | \$ 1,014,912 | \$ 1,944,662 | \$ (2,111,807) | \$ 847,767 |
| Disaster relief | 1,891,548 | 917,292 | (1,026,350) | 1,782,490 |
| Empowering women | 8,590 | 288,608 | (297,198) | - |
| Education | 12,466 | 26,305 | (22,400) | 16,371 |
| Agriculture | - | 209,173 | (209,173) | - |
| Capital projects | - | 201,219 | (3,275) | 197,944 |
| Endowment | <u>125,897</u> | <u>6,924</u> | <u>(6,924)</u> | <u>125,897</u> |
| | \$ 3,053,413 | \$ 3,594,183 | \$ (3,677,127) | \$ 2,970,469 |

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.

Healing Hands International, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

Note 7. Endowment

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, 2024 is as follows:

| | Without donor restrictions | With donor restrictions | Total |
|----------------------|---------------------------------------|------------------------------------|--------------|
| Endowment net assets | \$ 9,581,698 | \$ 125,897 | \$ 9,707,595 |

Endowment net asset composition by type of fund at December 31, 2023 is as follows:

| | Without donor restrictions | With donor restrictions | Total |
|----------------------|---------------------------------------|------------------------------------|--------------|
| Endowment net assets | \$ 7,309,419 | \$ 125,897 | \$ 7,435,316 |

Changes in endowment net asset for the year ended December 31, 2024 are as follows:

| | Without donor restrictions | With donor restrictions | Total |
|---|---------------------------------------|------------------------------------|---------------------|
| Endowment net assets, beginning of year | \$ 7,309,419 | \$ 125,897 | \$ 7,435,316 |
| Contributions for endowment | 1,518,168 | - | 1,518,168 |
| Interest income | - | 12,150 | 12,150 |
| Investment return, net | 754,111 | - | 754,111 |
| Program expenses | - | (12,150) | (12,150) |
| Endowment net assets, end of year | <u>\$ 9,581,698</u> | <u>\$ 125,897</u> | <u>\$ 9,707,595</u> |

Healing Hands International, Inc.
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Note 7. Endowment

Changes in endowment net asset for the year ended December 31, 2023 are as follows:

| | Without donor restrictions | With donor restrictions | Total |
|---|---------------------------------------|------------------------------------|---------------------|
| Endowment net assets, beginning of year | \$ 6,525,821 | \$ 125,897 | \$ 6,651,718 |
| Contributions for endowment | 27,673 | - | 27,673 |
| Interest income | - | 6,924 | 6,924 |
| Investment return, net | 755,925 | - | 755,925 |
| Program expenses | - | (6,924) | (6,924) |
| Endowment net assets, end of year | <u>\$ 7,309,419</u> | <u>\$ 125,897</u> | <u>\$ 7,435,316</u> |

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 2024 or 2023.

Note 8. Concentrations

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, 2024 and 2023, the Organization's depository accounts exceeded such insurance limits by approximately \$832,000 and \$370,000, 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.

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Note 9. **Subsequent Events**

Management has evaluated subsequent events through March 24, 2025, the date on which the financial statements were available for issuance.