



TIMMY GLOBAL HEALTH, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For the Years Ended June 30, 2021 and 2020

The background of the lower half of the page is an abstract, monochromatic geometric pattern. It consists of numerous overlapping, semi-transparent planes and lines that create a sense of depth and complexity, resembling a digital or architectural structure. The colors are shades of gray and white, with a prominent teal band at the top of this section.

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TIMMY GLOBAL HEALTH, INC.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Timmy Global Health, Inc.

We have audited the accompanying financial statements of Timmy Global Health, Inc., (an Indiana not-for-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of Timmy Global Health, Inc. as of June 30, 2021 and 2020, 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.

Emphasis of Matter - Accounting Pronouncement

As discussed in Note 1 to the financial statements, the Organization adopted new accounting guidance as issued by the Financial Accounting Standards Board under Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended by ASU No. 2020-05. The adoption of this ASU did not result in a change to the accounting for any of the Organization's revenue streams; as such, no cumulative effect adjustment was recorded. Our opinion is not modified with respect to this matter.

Sibich LLP

Indianapolis, Indiana
November 15, 2021

FINANCIAL STATEMENTS

TIMMY GLOBAL HEALTH, INC.

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2021, and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 230,052	\$ 470,437
Contributions receivable, net	-	11,034
Prepaid expenses	34,286	99,648
Property and equipment, net	383	260,543
Property held for sale	248,480	-
	<hr/>	<hr/>
TOTAL ASSETS	\$ 513,201	\$ 841,662
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 22,568	\$ 65,768
Accrued expenses	9,437	34,114
Deferred revenue	3,550	115,623
Notes payable - related party	93,000	-
Notes payable - third party	120,304	201,999
	<hr/>	<hr/>
Total liabilities	248,859	417,504
	<hr/>	<hr/>
NET ASSETS		
Net assets without donor restrictions	182,074	336,544
Net assets with donor restrictions	82,268	87,614
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Total net assets	264,342	424,158
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TOTAL LIABILITIES AND NET ASSETS	\$ 513,201	\$ 841,662
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See accompanying notes to financial statements.

TIMMY GLOBAL HEALTH, INC.

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 225,189	\$ 132,059	\$ 357,248
In-kind contributions	85,926	-	85,926
Service trip revenue	6,195	-	6,195
Special event revenue	86,374	-	86,374
Less: Cost of direct benefit to donors	(7,800)	-	(7,800)
Net revenues from special events	78,574	-	78,574
Grant income	-	42,000	42,000
Gain on extinguishment of debt	118,800	-	118,800
Other income	3,946	-	3,946
Interest income	125	-	125
Net assets released from restrictions	179,405	(179,405)	-
Total revenues and support	698,160	(5,346)	692,814
EXPENSES			
Program services	463,722	-	463,722
Supporting services			
Management and general	289,422	-	289,422
Fundraising	99,486	-	99,486
Total expenses	852,630	-	852,630
CHANGE IN NET ASSETS	(154,470)	(5,346)	(159,816)
NET ASSETS, BEGINNING OF YEAR	336,544	87,614	424,158
NET ASSETS, END OF YEAR	\$ 182,074	\$ 82,268	\$ 264,342

See accompanying notes to financial statements.

TIMMY GLOBAL HEALTH, INC.

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 383,808	\$ 162,710	\$ 546,518
In-kind contributions	247,181	-	247,181
Service trip revenue	499,840	-	499,840
Other income	18,984	-	18,984
Interest income	3,955	-	3,955
Net assets released from restrictions	252,590	(252,590)	-
Total revenues and support	<u>1,406,358</u>	<u>(89,880)</u>	<u>1,316,478</u>
EXPENSES			
Program services	1,533,379	-	1,533,379
Supporting services			
Management and general	474,328	-	474,328
Fundraising	84,702	-	84,702
Total expenses	<u>2,092,409</u>	<u>-</u>	<u>2,092,409</u>
CHANGE IN NET ASSETS	(686,051)	(89,880)	(775,931)
NET ASSETS, BEGINNING OF YEAR	<u>1,022,595</u>	<u>177,494</u>	<u>1,200,089</u>
NET ASSETS, END OF YEAR	<u>\$ 336,544</u>	<u>\$ 87,614</u>	<u>\$ 424,158</u>

See accompanying notes to financial statements.

TIMMY GLOBAL HEALTH, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	Program Services	Management and General	Fundraising	Cost of Sales	Total
Salaries and payroll wages	\$ 228,188	\$ 80,391	\$ 52,656	\$ -	\$ 361,235
Employee benefits	20,155	7,735	5,067	-	32,957
Medicine and related services	146,575	-	-	-	146,575
International travel	3,505	-	-	-	3,505
Printing and reproduction	-	47	-	-	47
Supplies	1,181	678	444	-	2,303
Office expense	4,473	2,566	1,680	-	8,719
Computer expense	4,375	789	517	-	5,681
Payroll taxes	17,565	10,076	6,600	-	34,241
Professional fees	16,468	142,291	-	-	158,759
Marketing and advertising	4,060	3,455	29,347	-	36,862
Postage and delivery	63	36	24	-	123
Bank service charges	4,705	830	-	-	5,535
Telephone and utilities	8,386	4,811	3,151	-	16,348
Insurance	-	18,324	-	-	18,324
Dues and subscription	-	1,379	-	-	1,379
Miscellaneous	4,023	266	-	-	4,289
Interest expense	-	4,068	-	-	4,068
Depreciation expense	-	11,680	-	-	11,680
TOTAL EXPENSES BEFORE COST OF DIRECT BENEFIT TO DONORS	\$ 463,722	\$ 289,422	\$ 99,486		852,630
Cost of direct benefit to donors - auction				<u>\$ 7,800</u>	<u>7,800</u>
TOTAL EXPENSES					<u>\$ 860,430</u>

See accompanying notes to financial statements.

TIMMY GLOBAL HEALTH, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and payroll wages	\$ 418,564	\$ 201,420	\$ 60,737	\$ 680,721
Employee benefits	47,145	32,754	9,877	89,776
Medicine and related services	577,365	-	-	577,365
International travel	350,953	-	-	350,953
Domestic travel	8,043	4,034	699	12,776
Printing and reproduction	-	442	-	442
Supplies	479	484	146	1,109
Office expense	4,618	4,669	1,408	10,695
Computer expense	33,744	1,597	481	35,822
Payroll taxes	13,943	14,098	4,251	32,292
Professional fees	14,967	155,975	-	170,942
Marketing and advertising	26,632	10,041	4,505	41,178
Postage and delivery	61	62	19	142
Bank service charges	20,301	3,180	-	23,481
Telephone and utilities	8,459	8,553	2,579	19,591
Insurance	-	14,883	-	14,883
Dues and subscription	-	5,446	-	5,446
Scholarships	5,975	-	-	5,975
Miscellaneous	2,130	1,515	-	3,645
Interest expense	-	4,372	-	4,372
Depreciation expense	-	10,803	-	10,803
TOTAL EXPENSES	\$ 1,533,379	\$ 474,328	\$ 84,702	\$ 2,092,409

See accompanying notes to financial statements.

TIMMY GLOBAL HEALTH, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (159,816)	\$ (775,931)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation expense	11,680	10,803
Extinguishment of debt	(118,800)	-
Contributions of in-kind inventory	-	(5,037)
Bad debt recovery	(1,746)	(1,020)
(Increase) decrease in:		
Accounts receivable	-	19,794
Contributions receivable	12,780	-
Inventory	-	153,768
Prepaid expenses	65,362	(5,806)
Increase (decrease) in:		
Accounts payable	(43,200)	35,666
Accrued expenses	(24,677)	6,057
Deferred revenue	(112,073)	(71,269)
Net cash from operating activities	<u>(370,490)</u>	<u>(632,975)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(24,538)
Net cash from investing activities	<u>-</u>	<u>(24,538)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable - related party	93,000	118,800
Proceeds from notes payable - third party	47,375	-
Payments on notes payable	(10,270)	(9,741)
Net cash from financing activities	<u>130,105</u>	<u>109,059</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(240,385)	(548,454)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>470,437</u>	<u>1,018,891</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 230,052</u>	<u>\$ 470,437</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 4,068</u>	<u>\$ 4,372</u>

See accompanying notes to financial statements.

TIMMY GLOBAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

For the years ended June 30, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Timmy Global Health, Inc. (the “Organization”), an Indiana not-for-profit corporation, was founded in 1997 to expand access to healthcare while empowering students and volunteers to address today’s most pressing global health challenges. The Organization currently supports healthcare initiatives in four countries, with the vision of a world in which everyone has access to quality healthcare. The Organization seeks to strengthen local health systems while promoting a spirit of humanitarianism, global awareness, and a long-term commitment to ending health disparities amongst our students and volunteers. As a part of its mission, the Organization sends medical service teams to support the work of international partner organizations, and channels financial, medical, and human resources to community-based health and development projects.

Impact of COVID-19 Uncertainty

Due to the impact of COVID-19, the Organization canceled all of its medical service team trips from March 2020 through Spring of 2022. Conversations with Timmy Chapters have already begun on what smaller, less frequent medical service trips will look like when trips are reinstated. The Organization continues delivering on its mission through the long-standing partnerships with international partner organizations. In addition, the Organization’s 2021 Gala held in September, 2021, was live and the Organization will continue holding this annual fundraiser in person going forward.

The Organization has taken steps to significantly reduce its overhead by selling the current building and becoming 100% fully remote to keep servicing to the international partners a top priority. This transaction took place in July, 2021.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (USGAAP).

Cash and Cash Equivalents

The Organization considers all investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

The Organization maintains its operating bank accounts at one financial institution, which at times may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. As of June 30, 2021, and 2020, the Organization had a balance in excess of the insured limit of \$0 and \$218,476, respectively. The Organization has not experienced any losses in such accounts and management of the Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Receivables

Accounts receivable generally consists of service trip fees from medical service team participants for trips that have occurred prior to year-end and other miscellaneous activity. The Organization determines an allowance for doubtful accounts for uncollectable receivables based on credit evaluations and specific circumstances of the donors. Based on management's evaluation an allowance of \$0 and \$1,746 has been provided as of June 30, 2021 and 2020, respectively, however, write-offs may exceed the allowance amount.

Contributions receivable generally consist of sponsorships from the virtual gala held in September, 2021. The amounts are considered short-term and management has determined that no allowance for doubtful accounts is required. Write-offs may exceed the allowance amount.

Property and Equipment

Property and Equipment are recorded at cost or, if contributed, at the estimated fair value at the date of the gift. The Organization capitalizes additions of property and equipment in excess of \$2,500 cost or fair value, if contributed. Depreciation of property and equipment is computed using the straight-line method based upon the estimated useful lives of the assets ranging from 3 to 39 years. Expenditures for property and equipment and for renewals or improvements which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense when incurred. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Net Assets

Net assets, revenues and expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions:

Undesignated - Net assets that are not subject to donor-imposed restrictions or Board of Directors imposed stipulations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Without Donor Restrictions: (Continued)

Designated - Net assets subject to stipulations imposed by the Board and determined to be unavailable for general use. There are no designated net assets as of June 30, 2021 and 2020.

With Donor Restrictions:

Net Assets subject to donor-imposed restrictions that either expire by the passage of time, can be fulfilled and removed by the actions of the Organization pursuant to those restrictions, or are required to be held in perpetuity. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue Recognition

The Organization's revenue is derived from the following sources:

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There are no conditional contributions as of June 30, 2021 and 2020.

Contributions received are recorded as increases in net assets, based on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a donor 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 restrictions and are reported in the statements of activities as net assets released from restrictions.

Unconditional grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. All grants are considered contributions for the fiscal years ended June 30, 2021 and 2020 and therefore follow contribution guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, Not for Profit Entities (Topic 958). There are no conditional grants as of December 31, 2020 and 2019.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Donations of Medicines and Professional Volunteers

Contributed services are recognized as contributions, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. In-kind contributions are recorded at fair value and recognized as revenue when they are received. Professional doctors and nurses that accompany other volunteers on trips are valued at the estimated fair value per hour. Student and other volunteers do not meet the definition and as such are not recorded as in-kind contributions.

The Organization collects medicines, and medical equipment/supplies (collectively “Product”) from various individuals and corporate donors and classifies the amount collected as in-kind contributions. Management estimates the fair market value of the Products contributed based on its experience, various publications, and if applicable, supplied invoices from donors when the Products are received.

The Organization uses WAC to estimate the fair value for all medicines. The WAC price is the most commonly used benchmark in pharmacy purchasing of drugs and is published by the manufacturer for sale via a wholesaler. The Organization purchases these medicines from a wholesaler at significant discounts and records in-kind donations for the difference between the WAC price and the price paid.

Revenue from Contracts with Customers

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Organization expects to receive in exchange for those products or services. Timing of revenue recognition may differ from the timing of invoicing to customers and may result in contract assets and contract liabilities on the statements of financial position. In instances where the timing of revenue recognition differs from the timing of invoicing, the Organization has determined that these contracts generally do not include a significant financing component.

Significant Judgments

The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. Significant judgments also include the methodology for recognizing revenue over the appropriate period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from Contracts with Customers (Continued)

Service Trip Revenue

Service trip revenue – The Organization arranges medical service team trips abroad for medical professionals and student volunteers. Service trip fees are set by the Organization and are refundable to the participants in the event the trip is canceled by the Organization. All related fees are included in the price of the trip. Income is recognized when the trip occurs at a point in time. Amounts received in advance of a trip are reflected on the statements of financial position as deferred revenue.

Special Event Revenue

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event – the exchange component, and a portion represents a contribution to the Organization. The fair value of the benefits received by the participants at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The performance obligation is the delivery of the special event. The event fee is set by the Organization.

Other Income

Other income includes weekend student leadership conferences for university chapters. The conferences offer networking and training to execute fundraising, advocacy, and service. Fees are set by the Organization and are refundable to the participants in the event the conference is canceled by the Organization. All related fees are included in the price of the conference. Income is recognized when the conference occurs at a point in time. Amounts received in advance of a conference are reflected on the statements of financial position as deferred revenue.

Other income for the year ended June 30, 2021 also includes proceeds from bad debt recovery of \$1,745 and rental income of \$1,440 which is outside the scope of Topic 606.

Contract Assets and Liabilities

Accounts receivable and deferred revenue balances are derived from exchange transactions. Amounts received in advance of the service activity represent contract liabilities and are deferred and recognized over the periods to which the revenue relates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. However, from time to time the Organization may pay income tax on unrelated business income. Federal and state taxes on unrelated business income, if applicable are provided at the statutory tax rates. The Organization is not a private foundation.

Use of Estimates

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Marketing and Advertising costs

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expenses for the year ended June 30, 2021 and 2020 were \$36,862 and \$41,178, respectively.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. Expenses specifically identifiable with a program, including payroll and related expenses, are charged based on job description and estimated time spent. Operations and maintenance expenses, including depreciation, are allocated based on estimated square footage.

New Accounting Pronouncements

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, as amended by ASU 2020-05, which supersedes or replaces nearly all USGAAP revenue recognition guidance. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time and will expand disclosures about revenue. ASU 2014-09, as amended, was adopted as of July 1, 2020, utilizing the modified retrospective method of transition. The new guidance was applied using the practical expedient provided that allows guidance to be applied only to contracts that have not been completed as of July 1, 2020. The adoption of this new accounting pronouncement did not have a material impact on the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts and requires additional disclosures about leasing arrangements. ASU 2016-02, as amended by ASU 2020-05, is effective for nonpublic entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standard at the beginning of the earliest period presented in the financial statements.

In July 2018, FASB issued ASU 2018-11, *Leases, Topic 842: Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Organization is currently assessing the impacts of this new standard, including the two optional transition methods.

In September 2020, FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. A not-for-profit will be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statement of activities, disaggregated by category that depicts the type of nonfinancial assets. For each category of contributed nonfinancial assets recognized, the standard requires a not-for-profit to disclose additional qualitative information and policies regarding monetization or utilization of contributed nonfinancial assets; information about any donor-imposed restrictions; valuation techniques and inputs; and the principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021 with early adoption permitted. The Organization is currently assessing the impact of this new standard.

2. LIQUIDITY AND AVAILABILITY

The Organization receives contributions and grants with donor restrictions to be used in accordance with the associated purpose or time restriction. The Organization received approximately 86.50% and 35.80% of its funding needs from revenue generated through donor contributions as of June 30, 2021 and 2020.

TIMMY GLOBAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

2. LIQUIDITY AND AVAILABILITY (Continued)

As of June 30, 2021, and 2020, financial assets and liquidity resources available within one year for general expenditures were as follows:

FINANCIAL ASSETS	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 230,052	\$ 470,437
Contributions receivable	-	11,034
Total financial assets	230,052	481,471
Less:		
Donor restrictions - purpose and time	<u>(82,268)</u>	<u>(87,614)</u>
TOTAL FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u><u>\$ 147,784</u></u>	<u><u>\$ 393,857</u></u>

3. CONTRIBUTED MATERIALS AND SERVICES

For the years ended June 30, 2021 and 2020, contributed materials and services consisted of the following:

	<u>2021</u>	<u>2020</u>
Professional services	\$ 49,830	\$ -
Legal services	32,569	17,909
Auction items	3,527	-
Medicine and supplies	-	5,037
Professional medical services	-	224,235
TOTAL	<u><u>\$ 85,926</u></u>	<u><u>\$ 247,181</u></u>

Volunteers provide program services throughout the year that are not recognized as contributions in the financial statements since they do not meet the recognition criteria under USGAAP. These services include assistance and instruction of some education programs and fundraising events.

TIMMY GLOBAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>Years</u>	<u>2021</u>	<u>2020</u>
Land		\$ -	\$ 27,900
Building	39	-	251,100
Building improvements	15-39	-	103,638
Computers	5	5,275	5,275
Furniture and fixtures	3-10	1,500	1,500
		<u>6,775</u>	<u>389,413</u>
Less: Accumulated depreciation		<u>(6,392)</u>	<u>(128,870)</u>
TOTAL		<u>\$ 383</u>	<u>\$ 260,543</u>

Depreciation expense was \$11,680 and \$10,803 for the years ended June 30, 2021 and 2020, respectively. During 2021, \$248,480, net, of land and building was determined to meet the criteria of property held for sale.

5. NOTES PAYABLE - THIRD PARTY

	<u>2021</u>	<u>2020</u>
Paycheck Protection Program ("PPP") loan due in monthly installments of \$6,331 with 1% interest starting in October, 2020. Under the terms of PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. This loan was forgiven in 2021.	\$ -	\$ 118,800
Paycheck Protection Program ("PPP") loan due in monthly installments of \$975 with 1% interest starting in December, 2021. Under the terms of PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.	47,375	-
Note payable - mortgage due in monthly installments of \$1,195; including interest (bank index 1.857% as of June 30, 2020) plus 3.25% due May 19, 2027. The note is secured by a first mortgage on the real estate.	<u>72,929</u>	<u>83,199</u>
Total notes payable	<u>\$ 120,304</u>	<u>\$ 201,999</u>

5. NOTES PAYABLE - THIRD PARTY (Continued)

Annual maturities of notes payable as of June 30, 2021 are as follows:

2022	\$	10,815
2023		24,167
2024		24,853
2025		25,623
2026		23,165
Thereafter		<u>11,681</u>
TOTAL	\$	<u><u>120,304</u></u>

The above mortgage note payable, requires that the Organization maintain minimum net assets of \$500,000, to be tested on June 30 annually. As of June 30, 2021, the Organization was in violation of this covenant and the lender provided a loan waiver.

6. PAYCHECK PROTECTION PROGRAM

On April 14, 2020, the Organization was granted a loan from National Bank of Indianapolis in the aggregate amount of \$118,800 (the “Loan”), pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan was forgiven in full during the year ending June 30, 2021 resulting in a gain on extinguishment of debt in accordance with FASB ASC 470.

On February 3, 2021, the Organization was granted a loan from the National Bank of Indianapolis in the aggregate amount of \$47,375 (the “Loan”), pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan matures on March 3, 2023 and bears interest at a rate of 1% per annum, payable monthly commencing upon submission of the loan forgiveness application. The Loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Organization intends to use the entire Loan amount for qualifying expenses.

The Organization has accounted for the PPP loan as a financial liability in accordance with FASB ASC 470. The loan will remain as a liability until either the loan is, in part or wholly, forgiven and the Organization has been legally released or the loan is fully repaid. The Organization expects that the PPP loan will be forgiven. At the time of the forgiveness, the Organization will record a gain on extinguishment of debt.

TIMMY GLOBAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available to support the following purposes as of June 30:

	2021	2020
Dominican Republic (Banelino)	\$ -	\$ 10,173
Ecuador (Centro Medico)	7,499	3,571
Ecuador (Tena - Archidona)	8,971	9,227
Ecuador (Tierra Nueva)	-	1,204
Guatemala (Community Health Promoters)	13,220	10,600
Hank Benjamin Memorial Scholarship	200	-
Nigeria (Bebor School)	26,219	24,727
Nigeria (Bebor Disabilities)	12,486	-
Nigeria (Amichi)	2,422	2,019
Nigeria (Mercy Medical Mission)	7,755	3,897
Patient Emergency Fund	777	777
Timmy Care	702	3,702
Connecting Hearts Abroad	-	15,700
Surgeons medical trips	2,017	2,017
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 82,268	\$ 87,614

8. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Organization recognizes revenue from contracts with customers through three primary revenue streams: special events, service trips, and other income. The Organization's disaggregated revenue based on timing of revenue recognition for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020
Revenue recognized at a point in time	\$ 14,755	\$ 518,824
Revenue recognized over time	-	-
TOTAL	\$ 14,755	\$ 518,824

The portion of special events revenue that represents contributions from donors was \$78,574 and \$0 as of June 30, 2021 and 2020, respectively, and has not been included in the table above. Other income representing bad debt recovery and rental income on June 30, 2021 has not been included in the table above.

8. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the global pandemic, general economy and labor market.

The opening balances for contract assets (accounts receivable) from contracts with customers were \$0 on July 1, 2020 and \$29,808 on July 1, 2019.

The opening balances for contract liabilities (deferred revenue) from contracts with customers were \$115,623 on July 1, 2020 and \$186,892 on July 1, 2019.

9. RETIREMENT PLAN

The Organization has a 401(k) plan (the Plan) that covers all eligible employees. Employees are eligible to participate in the Plan after six months of eligible service. The Organization contributes up to 3% of each eligible employee's compensation to the Plan and may also make discretionary contribution. Employer contributions totaled \$2,395 and \$2,540 for the years ended June 30, 2021 and 2020, respectively.

10. RELATED PARTY TRANSACTIONS

During 2021 and 2020, approximately \$152,962 and \$151,168 of contribution revenue was received from related parties, including certain members of the Board of Directors.

During the year ended June 30, 2021, the Organization made medicine purchases of \$721 from a company owned by a member of the Board of Directors. Management believes that these transactions have been conducted on an arms-length basis and no preferential treatment has been afforded to the Organization or the board member.

During the year ended June 30, 2021, the Organization rented office space to a board member. Rental income from the board member totaled \$1,440.

During the year ended June 30, 2021, the Organization received a \$93,000 zero interest loan from a related party. The loan was to be used for building expenses, including mortgage payments, and international programming support. Repayment of the loan is due upon the sale of the Organization's property.

11. CONCENTRATIONS

The Organization had no major vendors during 2021 and 2020.

12. CONTINGENCY

The Organization travels to countries that from time to time could have events or circumstances that require a trip to be cancelled or re-scheduled. As such, certain amounts of deferred revenue could be refunded to participants or the organization may incur additional travel costs.

13. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date (that is, recognized subsequent events).

In July, 2021, the Organization sold a building and land for \$650,000. It is the intent of the Organization to use the net gain from the transaction to create an operational endowment.

In August, 2021, the PPP loan in the amount of \$47,375 was forgiven in full resulting in a gain on extinguishment of debt in accordance with FASB ASC 470.

The Organization has evaluated subsequent events through November 15, 2021, which was the date that these financial statements were available for issuance.