

HUMANITY FIRST USA & SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

For the Years Ended December 31, 2020 and 2019

HUMANITY FIRST USA & SUBSIDIARY
Consolidated Financial Statements

Table of Contents

	Page
Independent Auditors' Report	1-2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities.....	4
Consolidated Statement of Functional Expenses - Year Ended December 31, 2020	5
Consolidated Statement of Functional Expenses - Year Ended December 31, 2019	6
Consolidated Statements of Cash Flows.....	7
Notes to Consolidated Financial Statements	8-15
Supplementary Information	
Consolidating Statement of Financial Position.....	16
Consolidating Statement of Activities	17



INDEPENDENT AUDITORS' REPORT

**Board of Directors
Humanity First USA and
HF Healthcare Services, L3C
Silver Spring, Maryland**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Humanity First USA (a nonprofit organization) and Subsidiary, HF Healthcare Services, L3C, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of HF Healthcare Services, L3C, a wholly owned subsidiary, whose statements reflect total assets constituting 72% and 85% of consolidated total assets at December 31, 2020 and 2019, and total revenues constituting 41% and 50% of consolidated total revenues for the years then ended, respectively. Those statements, which were prepared in accordance with the accounting policies of HF Healthcare Services, L3C, were audited by other auditors in accordance with International Standards on Auditing, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of HF Healthcare Services, L3C, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for HF Healthcare Services, L3C, prior to these conversion adjustments, is based solely on the report of the other auditors. We conducted our audit 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 consolidated financial statements are free from material misstatement.

HUMANITY FIRST USA & SUBSIDIARY

Independent Auditors' Report

Page 2

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Humanity First USA and Subsidiary as of December 31, 2020 and 2019, and the changes in their net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities on Pages 15 and 16 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

DeLeon & Stang

DeLeon & Stang, CPAs and Advisors

Frederick, Maryland

October 27, 2021

HUMANITY FIRST USA & SUBSIDIARY
Consolidated Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Assets:		
Cash and cash equivalents	\$ 848,416	\$ 321,010
Contributions receivable	95,904	56,796
Inventory	200,436	174,036
Prepays and other assets	43,414	45,167
Property and equipment, net of accumulated depreciation of \$332,247 and \$215,522, respectively	2,031,662	2,102,001
Total Assets	\$ 3,219,832	\$ 2,699,010
Liabilities and Net Assets		
Liabilities:		
Accounts payable & accrued expenses	\$ 139,372	\$ 161,824
Notes payable	83,645	108,245
Total Liabilities	223,017	270,069
Net assets:		
Without donor restrictions	2,169,965	1,777,640
With donor restrictions	826,850	651,301
Total net assets	2,996,815	2,428,941
Total Liabilities and Net Assets	\$ 3,219,832	\$ 2,699,010

See Accompanying Notes to the Consolidated Financial Statements.

HUMANITY FIRST USA & SUSIDIARY
Consolidated Statements of Activities
For the Years Ended December 31, 2020 and 2019

Revenue and support:	Without Donor Restrictions	With Donor Restrictions	2020 Total	Without Donor Restrictions	With Donor Restrictions	2019 Total
Contributions and grants	\$ 1,329,497	\$ 667,148	\$ 1,996,645	\$ 715,400	\$ 620,000	\$ 1,335,400
Donated professional and medical services	199,293	-	199,293	294,586	-	294,586
Donated supplies and goods	147,237	-	147,237	136,305	-	136,305
Fundraising dinner	-	-	-	63,937	-	63,937
Patient service revenue	1,593,043	-	1,593,043	961,679	-	961,679
Merchandise sales	2,717	-	2,717	2,359	-	2,359
Hospital ancillary revenue	49,567	-	49,567	66,005	-	66,005
Other revenue	59,177	-	59,177	30,440	-	30,440
Net assets released from restrictions	491,599	(491,599)	-	646,570	(646,570)	-
Total revenue and support	<u>3,872,130</u>	<u>175,549</u>	<u>4,047,679</u>	<u>2,917,281</u>	<u>(26,570)</u>	<u>2,890,711</u>
Expenses:						
<u>Program services:</u>						
Feed the Hungry program	174,863	-	174,863	84,582	-	84,582
Liberia program	52,407	-	52,407	52,132	-	52,132
Haiti program	13,729	-	13,729	19,111	-	19,111
Indonesia program	7,245	-	7,245	17,090	-	17,090
Mali program	84,892	-	84,892	110,019	-	110,019
Our Kids Our Future program	201	-	201	8,840	-	8,840
Guatemala program	147,481	-	147,481	136,620	-	136,620
Guatemala hospital	2,098,436	-	2,098,436	1,596,263	-	1,596,263
Gift of Health	7,451	-	7,451	132,339	-	132,339
Tanzania program	79,590	-	79,590	102,074	-	102,074
Water for Life program	42,225	-	42,225	66,681	-	66,681
Gift of Sight	-	-	-	183,831	-	183,831
US disasters	126,515	-	126,515	6,787	-	6,787
Non-US disasters	54,297	-	54,297	47,347	-	47,347
Ghana Surgical Mission	-	-	-	65,867	-	65,867
Guyana program	6,622	-	6,622	23,785	-	23,785
Burkina Faso program	67,503	-	67,503	95,903	-	95,903
Other programs	90,165	-	90,165	66,219	-	66,219
Total program services	<u>3,053,622</u>	<u>-</u>	<u>3,053,622</u>	<u>2,815,490</u>	<u>-</u>	<u>2,815,490</u>
<u>Supporting services:</u>						
Management and general	336,180	-	336,180	275,152	-	275,152
Fundraising	76,996	-	76,996	122,156	-	122,156
Total supporting services	<u>413,176</u>	<u>-</u>	<u>413,176</u>	<u>397,308</u>	<u>-</u>	<u>397,308</u>
Total expenses	<u>3,466,798</u>	<u>-</u>	<u>3,466,798</u>	<u>3,212,798</u>	<u>-</u>	<u>3,212,798</u>
Nonoperating activity:						
Loss on currency conversion	(13,007)	-	(13,007)	(248,789)	-	(248,789)
Change in net assets	392,325	175,549	567,874	(544,306)	(26,570)	(570,876)
Net assets, beginning of year	<u>1,777,640</u>	<u>651,301</u>	<u>2,428,941</u>	<u>2,321,946</u>	<u>677,871</u>	<u>2,999,817</u>
Net assets, end of year	<u>\$ 2,169,965</u>	<u>\$ 826,850</u>	<u>\$ 2,996,815</u>	<u>\$ 1,777,640</u>	<u>\$ 651,301</u>	<u>\$ 2,428,941</u>

See Accompanying Notes to the Consolidated Financial Statements.

HUMANITY FIRST USA & SUBSIDIARY
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Program assistance	\$ 581,433	\$ -	\$ -	\$ 581,433
Donated professional and medical services	8,117	189,013	2,163	199,293
Travel	13,764	371	1,593	15,728
Salaries and benefits	955,550	14,011	19,112	988,673
Medical and nonmedical supplies	983,286	-	-	983,286
Other expenses	10,656	6,325	12,630	29,611
Occupancy costs	2,429	14,267	-	16,696
Bank fees and other service charges	-	63,146	-	63,146
Professional medical services	232,072	-	-	232,072
Independent contractor	33,867	-	-	33,867
Accounting	-	18,747	-	18,747
Office expenses	64,576	11,500	39,740	115,816
Legal	14,281	12,383	-	26,664
Advertising and promotion	1,914	-	1,758	3,672
Insurance	7,099	1,034	-	8,133
Information technology	-	2,700	-	2,700
Repairs and maintenance	22,926	-	-	22,926
Depreciation	121,652	788	-	122,440
Interest	-	1,895	-	1,895
Total	<u>\$ 3,053,622</u>	<u>\$ 336,180</u>	<u>\$ 76,996</u>	<u>\$ 3,466,798</u>

See Accompanying Notes to the Consolidated Financial Statements.

HUMANITY FIRST USA & SUBSIDIARY
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program	Supporting Services		Total
		Services	Management and General	
Program assistance	\$ 705,465	\$ -	\$ -	\$ 705,465
Donated professional and medical services	154,652	135,607	4,327	294,586
Travel	92,579	3,203	4,240	100,022
Salaries and benefits	904,356	16,135	21,822	942,313
Medical and nonmedical supplies	481,314	7,912	2,164	491,390
Other expenses	14,003	18,677	14,090	46,770
Occupancy costs	1,832	15,303	-	17,135
Bank fees and other service charges	-	36,639	-	36,639
Professional medical services	222,041	-	-	222,041
Independent contractor	22,349	-	6,500	28,849
Accounting	-	12,362	-	12,362
Office expenses	51,447	6,318	12,014	69,779
Legal	2,106	10,802	-	12,908
Advertising and promotion	11,077	-	52,612	63,689
Insurance	4,973	2,573	-	7,546
Information technology	3,575	4,586	4,387	12,548
Repairs and maintenance	23,165	-	-	23,165
Depreciation	120,556	547	-	121,103
Interest	-	4,488	-	4,488
Total	\$ 2,815,490	\$ 275,152	\$ 122,156	\$ 3,212,798

See Accompanying Notes to the Consolidated Financial Statements.

HUMANITY FIRST USA & SUBSIDIARY
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 567,874	\$ (570,876)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	122,440	121,103
Revaluation of donated land, due to currency translation	-	234,689
Loan forgiveness recognized as noncash contributions	(25,000)	(9,774)
Discount on notes payable, net of amortization	1,755	4,488
Change in operating assets and liabilities:		
(Increase) decrease in contributions receivable	(39,108)	36,491
Increase in inventory	(26,400)	(66,533)
(Increase) decrease in prepaid expenses and other current assets	1,753	(7,615)
Decrease in accrued expenses	<u>(22,452)</u>	<u>(15,124)</u>
Net cash provided by (used in) operating activities	580,862	(273,151)
<u>Cash Flows From Investing Activities:</u>		
Purchase of equipment	<u>(52,101)</u>	<u>(54,165)</u>
Net cash used in investing activities	(52,101)	(54,165)
<u>Cash Flows From Financing Activities:</u>		
Proceeds from notes payable	29,645	-
Repayment of notes payable	<u>(31,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,355)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	527,406	(327,316)
Cash and cash equivalents, beginning of year	<u>321,010</u>	<u>648,326</u>
Cash and cash equivalents, end of year	<u>\$ 848,416</u>	<u>\$ 321,010</u>

See Accompanying Notes to the Consolidated Financial Statements.

HUMANITY FIRST USA & SUBSIDIARY
Notes to the Consolidated Financial Statements
December 31, 2020 and 2019

NOTE 1 **ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Humanity First USA's (Humanity First) mission is to serve disaster and socially disadvantaged individuals and families in underprivileged communities in the world. Drawing strength from their global diversity, resources and experience, Humanity First aims to relieve suffering caused by natural disaster and human conflict, promote peace and understanding based on mutual tolerance and respect, and to strengthen people's capacity to help themselves.

HF Healthcare Services, L3C, Humanity First's subsidiary, is a non-profit entity incorporated on March 30, 2017. The mission of HF Healthcare Services, LC3 is to carry out charitable activities on behalf of Humanity First USA through the construction and administration of The Nasir Hospital (the Hospital) in Guatemala. The Hospital aims to provide medical care to all those in need via in-patient and out-patient services covering all major specialties. The Hospital has a 24-hour emergency room, intensive care unit, delivery and post-partum services, and two operating rooms, all of which are equipped with state-of-the-art technology. The Hospital initiated operations on October 1, 2018.

Accounting Method

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the obligation is incurred. The consolidated financial statements include the accounts of Humanity First USA and HF Healthcare Services, L3C, (collectively, Humanity First). All intercompany balances and transactions have been eliminated.

Foreign Currency Translation

The functional currency used in the preparation of the HF Healthcare Services, L3C's financial statements is the Guatemalan quetzales (GTQ). Transactions denominated in foreign currencies are initially recorded in GTQ at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the statement of financial position date.

In the accompanying consolidated financial statements, HF Healthcare Services, L3C's statement of financial position amounts are translated into U.S. dollar using the exchange rate prevailing on the statement of financial position date while the statement of activity amounts are translated using the average exchange rate for the fiscal year. Net exchange gains or losses from the translation, which are included in the determination of the change in net assets without donor restrictions.

HUMANITY FIRST USA & SUBSIDIARY
Notes to the Consolidated Financial Statements (Continued)
December 31, 2020 and 2019

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For financial statement purposes, Humanity First considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Humanity First expects its contributions receivable at December 31, 2020 and 2019 to be fully realized and consequently did not record an allowance for uncollectible amounts. Conditional promises to give are not included as support until the conditions are substantially met.

Inventory

Inventory is stated at the lower of cost or market, cost being determined on the first-in, first-out basis.

Property and Equipment

Acquisitions of equipment greater than \$500 are recorded at cost and depreciated or amortized using the straight-line method over estimated useful lives of three to twenty years. Upon disposal of depreciable assets, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is credited or charged to income. Maintenance and repairs are expensed in the year incurred.

Description of Net Assets

Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions are currently available for operating purposes under the direction of management and the board of directors or designated by the board for specific use.

Net Assets With Donor Restrictions are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted. These include donor restrictions requiring the net assets to be held in perpetuity or for a specific term with investment return specified for a specific purpose.

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HUMANITY FIRST USA & SUBSIDIARY
Notes to the Consolidated Financial Statements (Continued)
December 31, 2020 and 2019

NOTE 1 **ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Revenue Recognition

Contribution and grant revenue is recognized by the following five steps:

- 1) Identify the contract with a customer;
- 2) Identify the performance obligations in the contract;
- 3) Determine the transaction price;
- 4) Allocated the transaction price to the performance obligations in the contracts; and
- 5) Recognize revenue when or as Humanity First satisfies a performance obligation.

Contribution and grant revenue from contracts with customers of Humanity First is recognized in the period in which it is earned. Contract revenue is recognized at a point in time based on the satisfaction of performance obligations as provided in the underlying contract or grant agreement.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires or is satisfied in the reporting period in which the support is recognized. All other support that is either designated for future periods or that is restricted by the donor for specific purposes, if any, is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Humanity First reports in-kind gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Contributions receivable represent amounts unconditionally committed by grantors and donors that have not been received by Humanity First as of the statement of financial position date.

Fundraising dinner, patient service, merchandise sales, and hospital ancillary revenue are recognized at a point in time in the accounting period in which the transaction or event occurs.

Various economic factors, including current conversion rates, affect revenues and cash flows.

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HUMANITY FIRST USA & SUBSIDIARY
Notes to the Consolidated Financial Statements (Continued)
December 31, 2020 and 2019

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services, Materials, and Goods

Donated services, materials, and goods are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. In accordance with FASB's ASC 958-605, Humanity First does not record the value of the many volunteers who assist in achieving Humanity First's goals. Contributions of professional services that are performed regularly, however, are recorded at the amount that would have been paid if the services had not been donated. Humanity First received donated professional and medical services of \$199,293 and \$294,586 for the years ended December 31, 2020 and 2019, respectively. They also received donated supplies and goods of \$172,237 and \$136,305 for the years ended December 31, 2020 and 2019, respectively.

Expense Allocation

The costs of providing various program and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but that provide for the overall support and direction of Humanity First.

Fair Value of Measurements

Humanity First complies with FASB's Accounting Standards Codification topic *Fair Value Measurements*. This defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

Estimates

Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Income Taxes

Humanity First is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. The Forms 990, Return of Organization Exempt from Income Tax, for the years ended December 31, 2017 through 2019 are subject to review and examination by the Internal Revenue Service.

HUMANITY FIRST USA & SUBSIDIARY
Notes to the Consolidated Financial Statements (Continued)
December 31, 2020 and 2019

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Uncertain Tax Provisions

Humanity First complies with the provisions of the FASB Accounting Standards Codification topic *Accounting for Uncertainty in Income Taxes*, for the years ending December 31, 2020 and 2019, no unrecognized tax provision or benefit exists.

NOTE 2 RISKS AND UNCERTAINTIES

Concentration of Credit Risk

Financial instruments that potentially subject Humanity First to credit risk include cash deposits in excess of the insurance limitations of the Federal Deposit Insurance Corporation (FDIC). At times throughout the year, Humanity First may maintain accounts in one bank in excess of the FDIC insurance limit. However, management does not consider this to be a significant concentration of credit risk.

Global Pandemic

U.S. and global financial business and financial markets continue to be severely impacted by the COVID-19 pandemic. The potential long-term impact on Humanity First's investments, revenue, expenses, and cash flows cannot be determined at this time.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 277,289	\$ 279,755
Building and improvements	1,300,410	1,309,506
Hospital equipment	720,078	524,596
Computers and equipment	<u>66,132</u>	<u>203,666</u>
Total property and equipment	2,363,909	2,317,523
Less: Accumulated depreciation	<u>(332,247)</u>	<u>(215,522)</u>
Property and equipment, net	<u>\$ 2,031,662</u>	<u>\$ 2,102,001</u>

Depreciation expense totaled \$122,440 and \$121,103 for the years ended December 31, 2020 and 2019, respectively.

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HUMANITY FIRST USA & SUBSIDIARY
Notes to the Consolidated Financial Statements (Continued)
December 31, 2020 and 2019

NOTE 4 **NOTES PAYABLE**

During 2018, Humanity First entered into three separate notes payable agreements in the amounts of \$50,000 (Note A), \$50,000 (Note B), and \$20,000 (Note C). During the year ended December 31, 2019, Note A was amended and \$10,000 was forgiven and recognized as a non-cash contribution in the consolidated statements of activities. Each of these note agreements are noninterest bearing and were scheduled to be due in full during 2020. During the year ended December 31, 2020, however, all three notes payable were amended, as follows:

Note A was amended to extend the maturity date to June 2022, at which point any outstanding balance will be due in full.

Note B was amended and \$25,000 was forgiven and recognized as a non-cash contribution in the consolidated statements of activities. The outstanding amount due on Note B was paid in full during the year ended December 31, 2020, resulting in a remaining balance of \$0.

Note C was amended to extend the maturity date to May 2021, at which point any outstanding balance will be due in full.

Humanity First has imputed interest on the notes payable agreements at interest rates ranging from 8% to 9%. Imputed interest expense for the years ended December 31, 2020 and 2019 was \$1,755 and \$4,488, respectively.

On April 29, 2020, Humanity First entered into a loan agreement with Bank of America, NA in the amount of \$20,972 under the Paycheck Protection Program (PPP), which was established as a part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. On May 6, 2020, HF Healthcare Services, L3C also entered into a loan agreement with Bank of America, NA in the amount of \$8,533 under the PPP.

Under the terms of the PPP, all or a portion of the loan, including accrued interest, may be forgiven if funds are used for qualifying expenses, as described in the CARES Act, such as payroll, benefits, rent, and utilities, and if Humanity First maintains its payroll levels.

The loan bears a 1% interest rate. The original note agreement calls for a six month deferral period, however, on June 5, 2020, the Paycheck Protection Program Flexibility Act of 2020 (Flexibility Act) was signed into law, amending the CARES Act and extending the loan's deferral period to ten months after the loan forgiveness covered period, provided a loan forgiveness application is submitted to the lender within that 10-month timeframe. The loan forgiveness covered period is the 24-week period beginning on the date the PPP loan was disbursed. Therefore, no repayment on any unforgiven portion of the loan is expected to be due until August 2021.

HUMANITY FIRST USA & SUBSIDIARY
Notes to the Consolidated Financial Statements (Continued)
December 31, 2020 and 2019

NOTE 4 **NOTES PAYABLE** (Continued)

During May and June 2021, respectively, the SBA fully forgave Humanity First and HF Healthcare Services, L3C's PPP loans in the amounts of \$20,972 and \$8,533, resulting in a remaining balance of \$0.

NOTE 5 **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of contributions restricted for specific purposes by the donor. The entire balance in net assets with donor restrictions at December 31, 2020 and 2019 of \$826,850 and \$651,301, respectively, is restricted for humanitarian efforts.

NOTE 6 **LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects Humanity First's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, funds that are purpose or time restricted beyond one year, endowments and accumulated earnings net of appropriations within one year and board designated endowments.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 848,416	\$ 321,010
Contributions receivable	<u>95,904</u>	<u>56,796</u>
Financial assets, at year-end:	944,320	377,806
Less those unavailable for general expenditure within one year:	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 944,320</u>	<u>\$ 377,806</u>

Humanity First has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 7 **SUBSEQUENT EVENTS**

In August 2021, Humanity First entered into a three-year lease agreement for office space beginning on September 15, 2021. The lease requires minimum monthly payments of \$3,800 and expires on September 15, 2024, with no option to renew. Furthermore, there is a rent abatement for the second and third months of the initial year.

HUMANITY FIRST USA & SUBSIDIARY
Notes to the Consolidated Financial Statements (Continued)
December 31, 2020 and 2019

NOTE 7 **SUBSEQUENT EVENTS** (Continued)

Humanity First has evaluated subsequent events for potential required disclosure through October 27, 2021 which is the date the consolidated financial statements were available to be issued. Except for the PPP loan forgiveness disclosed in Note 4 and the new office lease disclosed above, there were no events identified requiring recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

HUMANITY FIRST USA & SUBSIDIARY
Consolidating Statement of Financial Position
December 31, 2020

Assets	HF Healthcare Services,		Eliminations	Total
	HF USA	L3C		
Assets:				
Cash and cash equivalents	\$ 778,804	\$ 69,612	\$ -	\$ 848,416
Contributions receivable	95,904	-	-	95,904
Inventory	13,098	187,338	-	200,436
Prepays and other assets	13,913	29,501	-	43,414
Property and equipment, net of accumulated depreciation of \$332,247 and \$215,522, respectively	<u>3,383</u>	<u>2,028,279</u>	<u>-</u>	<u>2,031,662</u>
Total Assets	<u>\$ 905,102</u>	<u>\$ 2,314,730</u>	<u>\$ -</u>	<u>\$ 3,219,832</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable & accrued expenses	\$ 47,108	\$ 92,264	\$ -	\$ 139,372
Notes payable	<u>83,645</u>	<u>-</u>	<u>-</u>	<u>83,645</u>
Total Liabilities	130,753	92,264	-	223,017
Net assets (deficit):				
Without donor restrictions	(52,501)	2,222,466	-	2,169,965
With donor restrictions	<u>826,850</u>	<u>-</u>	<u>-</u>	<u>826,850</u>
Total net assets	<u>774,349</u>	<u>2,222,466</u>	<u>-</u>	<u>2,996,815</u>
Total Liabilities and Net Assets	<u>\$ 905,102</u>	<u>\$ 2,314,730</u>	<u>\$ -</u>	<u>\$ 3,219,832</u>

HUMANITY FIRST USA & SUBSIDIARY
Consolidating Statement of Activities
For the Year Ended December 31, 2020

	<u>HF USA</u>			<u>HF Healthcare Services, L3C</u>			<u>Eliminations</u>	<u>Totals</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>		<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:										
Contributions and grants	\$ 1,313,531	\$ 667,148	\$ 1,980,679	\$ 359,270	\$ -	\$ 359,270	\$ (343,304)	\$ 1,329,497	\$ 667,148	\$ 1,996,645
Donated professional and medical services	199,293	-	199,293	-	-	-	-	199,293	-	199,293
Donated supplies and goods	147,237	-	147,237	-	-	-	-	147,237	-	147,237
Patient service revenue	-	-	-	1,622,843	-	1,622,843	(29,800)	1,593,043	-	1,593,043
Merchandise sales	2,717	-	2,717	-	-	-	-	2,717	-	2,717
Hospital ancillary revenue	-	-	-	49,567	-	49,567	-	49,567	-	49,567
Other revenue	59,177	-	59,177	-	-	-	-	59,177	-	59,177
Net assets released from restrictions	491,599	(491,599)	-	-	-	-	-	491,599	(491,599)	-
Total revenue and support	<u>2,213,554</u>	<u>175,549</u>	<u>2,389,103</u>	<u>2,031,680</u>	<u>-</u>	<u>2,031,680</u>	<u>(373,104)</u>	<u>3,872,130</u>	<u>175,549</u>	<u>4,047,679</u>
Expenses:										
<u>Program services:</u>										
Feed the Hungry program	174,863	-	174,863	-	-	-	-	174,863	-	174,863
Liberia program	52,407	-	52,407	-	-	-	-	52,407	-	52,407
Haiti program	13,729	-	13,729	-	-	-	-	13,729	-	13,729
Indonesia program	7,245	-	7,245	-	-	-	-	7,245	-	7,245
Mali program	84,892	-	84,892	-	-	-	-	84,892	-	84,892
Our Kids Our Future program	201	-	201	-	-	-	-	201	-	201
Guatemala program	147,481	-	147,481	-	-	-	-	147,481	-	147,481
Guatemala hospital	436,387	-	436,387	2,016,949	-	2,016,949	(354,900)	2,098,436	-	2,098,436
Gift of Health	23,951	-	23,951	-	-	-	(16,500)	7,451	-	7,451
Tanzania program	79,590	-	79,590	-	-	-	-	79,590	-	79,590
Water for Life program	42,225	-	42,225	-	-	-	-	42,225	-	42,225
Gift of Sight	-	-	-	-	-	-	-	-	-	-
US disasters	126,515	-	126,515	-	-	-	-	126,515	-	126,515
Non-US disasters	59,297	-	59,297	-	-	-	(5,000)	54,297	-	54,297
Ghana Surgical Mission	-	-	-	-	-	-	-	-	-	-
Guyana program	6,622	-	6,622	-	-	-	-	6,622	-	6,622
Burkina Faso program	67,503	-	67,503	-	-	-	-	67,503	-	67,503
Other programs	90,165	-	90,165	-	-	-	-	90,165	-	90,165
Total program services	<u>1,413,073</u>	<u>-</u>	<u>1,413,073</u>	<u>2,016,949</u>	<u>-</u>	<u>2,016,949</u>	<u>(376,400)</u>	<u>3,053,622</u>	<u>-</u>	<u>3,053,622</u>
<u>Supporting services:</u>										
Management and general	333,440	-	333,440	2,740	-	2,740	-	336,180	-	336,180
Fundraising	76,996	-	76,996	-	-	-	-	76,996	-	76,996
Total supporting services	<u>410,436</u>	<u>-</u>	<u>410,436</u>	<u>2,740</u>	<u>-</u>	<u>2,740</u>	<u>-</u>	<u>413,176</u>	<u>-</u>	<u>413,176</u>
Total expenses	<u>1,823,509</u>	<u>-</u>	<u>1,823,509</u>	<u>2,019,689</u>	<u>-</u>	<u>2,019,689</u>	<u>(376,400)</u>	<u>3,466,798</u>	<u>-</u>	<u>3,466,798</u>
Nonoperating activity:										
Loss on currency conversion	-	-	-	(9,711)	-	(9,711)	(3,296)	(13,007)	-	(13,007)
Change in net assets	390,045	175,549	565,594	2,280	-	2,280	-	392,325	175,549	567,874
Net assets, beginning of year	<u>(442,546)</u>	<u>651,301</u>	<u>208,755</u>	<u>2,220,186</u>	<u>-</u>	<u>2,220,186</u>	<u>2,220,186</u>	<u>1,777,640</u>	<u>651,301</u>	<u>2,428,941</u>
Net assets, end of year	<u>\$ (52,501)</u>	<u>\$ 826,850</u>	<u>\$ 774,349</u>	<u>\$ 2,222,466</u>	<u>\$ -</u>	<u>\$ 2,222,466</u>	<u>\$ 2,220,186</u>	<u>\$ 2,169,965</u>	<u>\$ 826,850</u>	<u>\$ 2,996,815</u>