



TIMMY GLOBAL HEALTH, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Years Ended June 30, 2020 and 2019

The background of the lower half of the page is an abstract, grayscale 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.

SIKICH.COM

TIMMY GLOBAL HEALTH, INC.
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses.....	6-7
Statements of Cash Flows	8
Notes to Financial Statements.....	9-18

FINANCIAL STATEMENTS

TIMMY GLOBAL HEALTH, INC.

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 470,437	\$ 1,018,891
Accounts receivable, net	11,034	29,808
Inventory	-	148,731
Prepaid expenses	99,648	93,842
Property and equipment, net	260,543	246,808
	<hr/>	<hr/>
TOTAL ASSETS	\$ 841,662	\$ 1,538,080
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 64,680	\$ 30,102
Accrued expenses	35,201	28,057
Deferred revenue	115,623	186,892
Notes payable	201,999	92,940
	<hr/>	<hr/>
Total liabilities	417,503	337,991
	<hr/>	<hr/>
NET ASSETS		
Net assets without donor restrictions	336,546	1,022,595
Net assets with donor restrictions	87,613	177,494
	<hr/>	<hr/>
Total net assets	424,159	1,200,089
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 841,662	\$ 1,538,080
	<hr/> <hr/>	<hr/> <hr/>

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	\$ 508,274	\$ 62,710	\$ 570,984
In-kind contributions	247,181	-	247,181
Service trip revenue	497,590	-	497,590
Special event revenue	-	-	-
Less: Cost of direct benefit to donors	-	-	-
Net revenues from special events	-	-	-
Other revenue	2,475	-	2,475
Interest income	3,955	-	3,955
Net assets released from restrictions	152,590	(152,590)	-
Total revenues and support	1,412,065	(89,880)	1,322,185
EXPENSES			
Program services	1,539,201	-	1,539,201
Supporting services			
Management and general	468,729	-	468,729
Fundraising	90,183	-	90,183
Total expenses	2,098,114	-	2,098,114
CHANGE IN NET ASSETS	(686,049)	(89,880)	(775,929)
NET ASSETS, BEGINNING OF YEAR	1,022,595	177,494	1,200,089
NET ASSETS, END OF YEAR	\$ 336,546	\$ 87,614	\$ 424,160

See accompanying notes to financial statements.

TIMMY GLOBAL HEALTH, INC.

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 443,295	\$ 214,674	\$ 657,969
In-kind contributions	926,724	-	926,724
Service trip revenue	1,236,281	-	1,236,281
Special event revenue	184,503	-	184,503
Less: Cost of direct benefit to donors	(26,039)	-	(26,039)
Net revenues from special events	158,464	-	158,464
Other revenue	21,250	-	21,250
Interest income	7,594	-	7,594
Net assets released from restrictions	200,759	(200,759)	-
Total revenues and support	2,994,367	13,915	3,008,282
EXPENSES			
Program services	2,461,132	-	2,461,132
Supporting services			
Management and general	271,539	-	271,539
Fundraising	195,857	-	195,857
Total expenses	2,928,528	-	2,928,528
CHANGE IN NET ASSETS	65,839	13,915	79,754
NET ASSETS, BEGINNING OF YEAR	956,756	163,579	1,120,335
NET ASSETS, END OF YEAR	\$ 1,022,595	\$ 177,494	\$ 1,200,089

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	Cost of Sales	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	720	699	699	-	2,117
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	159,310	-	-	174,277
Marketing	39,778	4,218	9,987	-	53,983
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	-	4,597	-	-	4,597
Depreciation expense	-	10,803	-	-	10,803
TOTAL EXPENSES BEFORE COST OF DIRECT BENEFIT TO DONORS	\$ 1,539,201	\$ 468,729	\$ 90,183		2,098,114
Cost of direct benefit to donors - supplies				-	
Cost of direct benefit to donors - entertainment				-	
Total cost of direct benefit to donors				<u>\$ -</u>	<u>-</u>
TOTAL EXPENSES				<u>\$ -</u>	<u>-</u>

See accompanying notes to financial statements.

TIMMY GLOBAL HEALTH, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Cost of Sales	Total
Salaries and payroll wages	\$ 401,159	\$ 130,493	\$ 100,959	\$ -	\$ 632,611
Employee benefits	74,649	19,111	14,986	-	108,746
Medicine and related services	1,055,128	-	-	-	1,055,128
International travel	720,592	974	-	-	721,566
Printing and reproduction	-	286	3,225	-	3,511
Supplies	3,393	189	3,500	-	7,082
Office expense	15,109	2,493	1,983	-	19,585
Computer expense	26,350	581	329	-	27,260
Fundraising prizes	-	-	20,882	-	20,882
Payroll taxes	19,292	9,685	8,092	-	37,069
Professional fees	37,878	61,735	29,695	-	129,308
Marketing	13,844	5,125	4,628	-	23,597
Postage and delivery	108	18	1,364	-	1,490
Bank service charges	25,907	3,966	-	-	29,873
Telephone and utilities	14,239	2,360	2,282	-	18,881
Insurance	759	11,291	-	-	12,050
Dues and subscription	-	1,179	-	-	1,179
Miscellaneous	1,463	700	-	-	2,163
Domestic travel	32,762	5,669	3,932	-	42,363
Scholarships	18,500	-	-	-	18,500
Interest expense	-	5,075	-	-	5,075
Depreciation expense	-	10,609	-	-	10,609
TOTAL EXPENSES BEFORE COST OF DIRECT BENEFIT TO DONORS	\$ 2,461,132	\$ 271,539	\$ 195,857		2,928,528
Cost of direct benefit to donors - supplies				332	
Cost of direct benefit to donors - entertainment				25,707	
Total cost of direct benefit to donors				<u>\$ 26,039</u>	<u>26,039</u>
TOTAL EXPENSES					<u><u>\$ 2,954,567</u></u>

See accompanying notes to financial statements.

TIMMY GLOBAL HEALTH, INC.**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (775,929)	\$ 79,754
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	10,803	10,609
Contributions of in-kind inventory	(5,038)	(71,800)
Decrease in allowance for doubtful accounts	1,020	(920)
(Increase) decrease in:		
Receivables	17,754	39,523
Inventory	153,768	(10,074)
Prepaid expense	(5,806)	8,059
Increase (decrease) in:	-	
Accounts payable	34,578	(10,428)
Accrued expenses	7,144	14,464
Deferred service trip revenue	(71,269)	14,388
Net cash and cash equivalents provided (used) by operating activities	<u>(632,975)</u>	<u>73,575</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(24,538)	-
Net cash and cash equivalents (used) by investing activities	<u>(24,538)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	118,800	
Note payable payments	(9,741)	(9,263)
Net cash and cash equivalents (used) by financing activities	<u>109,059</u>	<u>(9,263)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(548,454)	64,312
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,018,891</u>	<u>954,579</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 470,437</u>	<u>\$ 1,018,891</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 4,597</u>	<u>\$ 5,075</u>

See accompanying notes to financial statements.

TIMMY GLOBAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Error! Reference source not found. (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 six countries, with the vision of a world in which everyone has access to quality healthcare. Through our work, we seek 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

Due to the impact of COVID-19, the Organization canceled all its medical service team trips from March 2020 onwards and for the foreseeable future. However, the Organization continues delivering on its mission through the long-standing partnerships with international partner organizations. In addition, the Organization postponed its annual gala fundraising event from March 2020 to September 2020 and reformatting it to a virtual event. Both activities have been significant contributors to the funding of the Organization’s programs and operating expenses contributing a net \$490,262 and \$158,464, respectively, for the year ended June 30, 2019. The cancellation of the medical service trips for the foreseeable future also resulted in the Organization writing off inventory in the amount of \$122,878. The Organization has donated much of this inventory to other organizations and will continue to explore other opportunities to donate the remainder.

As a result, the Organization has taken steps to significantly reduce its overhead for the coming year to align with this reduction in income and accelerated its strategic planning with a focus on fundraising and delivering on its programs without the contribution from medical service trips.

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 (“US GAAP”).

Cash and Cash Equivalents

TIMMY GLOBAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019

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.

The Organization maintains its operating bank accounts at one financial institution. The Federal Deposit Insurance Corporation insures accounts at this institution. The Organization maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits of \$250,000. As of June 30, 2020, and 2019, the Organization had a balance in excess of the insured limit of \$220,437 and \$797,318, respectively.

Accounts Receivable

Accounts receivable consists of amounts pledged to the Organization from donors and, at June 30, 2019, service trip fees from medical service team participants for trips that have occurred prior to June 30. 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 \$1,746 and \$2,766 has been provided as of June 30, 2020 and 2019, respectively, however, write-offs may exceed the allowance amount.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory represented product (medicines and supplies) both donated and purchased to fulfill future service trips. Inventory was stated at the estimated fair value of Wholesale Acquisition Cost (WAC price) for donated medicines and supplies, on a first-in, first-out basis.

Deferred Revenue and Prepaid Expenses

Deferred revenue includes donations or other income received by the Organization which will not be recognized as income until a future period. Prepaid expenses largely consist of advances for program expenses to our international partners that have not yet been expended.

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.

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, 2020 and 2019.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire in the fiscal year in which the contributions are recognized.

Service Trip Fee Revenue

Service trip fee revenue consists of travel and related costs for medical professionals and student volunteers to participate in medical service teams abroad and is recognized when services are performed by the Organization or when the trip occurs. Service trip fees are refundable to the participant until the trip occurs.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Restrictions on gifts of capital assets or cash for the purchase of capital assets expire when the asset is placed in service.

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

Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions 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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could vary from the estimates that were used.

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, 2020 and 2019 were \$11,524 and \$23,597, respectively.

Functional Allocation of Expenses

Expenses are recognized when they are incurred. The costs of providing various programs have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, 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. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, as amended by ASU 2015-14, which supersedes or replaces nearly all GAAP 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, is effective for non-public companies for annual reporting periods beginning after December 15, 2020 and interim periods within the annual period beginning after December 15, 2020. The Organization is currently assessing the impact of this new standard.

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. It also requires additional disclosures about leasing arrangements. ASU 2016-02 is effective for nonpublic entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. During the year, the Organization adopted ASU 2016-02 and it did not have any effect on the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

The FASB issued ASU 2018-08, “Not-for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”. This ASU is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of the contribution accounting guidance, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as the resource recipient, and for fiscal years beginning after December 15, 2019 for transactions in which the entity serves as a resource provider. During the year, the Organization adopted ASU 2018-08 and it did not have a material impact on the financial statements.

The FASB issues ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which clarifies how certain cash receipts and cash payments should be presented on the statement of cash flows to reduce current diversity in practice. The guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. During the year, the Organization adopted ASU 2016-15 and it did not have a material impact on the financial statements.

2. LIQUIDITY AND AVAILABILITY

The Organization receives contributions and promises to give with donor restrictions to be used in accordance with the associated purpose or time restriction. The Organization received approximately 38% and 22% of the program funding needs from revenue generated through donor contributions as of June 30, 2020 and 2019, respectively.

The liquidity of the Organization has decreased significantly over the prior year due to the impact of COVID-19, as highlighted in Note 1. Although illiquid, the Organization has considerable value in its office property (see Note 4), which was acquired in 1997 and is recorded on the balance sheet at historical cost.

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

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

FINANCIAL ASSETS	2020
Cash and cash equivalents	\$ 470,395
Accounts receivable	<u>12,780</u>
Total financial assets	483,175
Less:	
Donor restriction - purpose and time	<u>(87,613)</u>
TOTAL FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 395,562</u>

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

3. CONTRIBUTED MATERIALS AND SERVICES

For the years ended June 30, 2020 and 2019, contributed materials and services consisted of the following:

	<u>2020</u>	<u>2019</u>
Medicine and supplies	\$ 5,037	\$ 435,672
Professional medical services	224,235	451,366
Auction items	-	14,841
Office Supplies	-	8,167
Legal Services	17,909	16,678
TOTAL	<u>\$ 247,181</u>	<u>\$ 926,724</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 US GAAP. These services include assistance and instruction of some education programs and fundraising events.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>Years</u>	<u>2020</u>	<u>2019</u>
Land		\$ 27,900	\$ 27,900
Building	39	251,100	251,100
Building improvements	15-39	103,638	79,100
Computers	5	5,275	21,492
Furniture and fixtures	3-10	1,500	17,558
Software	3	-	7,858
		389,413	405,008
Less: Accumulated depreciation		(128,870)	(158,200)
TOTAL		<u>\$ 260,543</u>	<u>\$ 246,808</u>

Depreciation expense was \$10,803 and \$10,609 for the years ended June 30, 2020 and 2019, respectively.

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

5. NOTES PAYABLE

	<u>2020</u>	<u>2019</u>
Note payable due in monthly installments of \$1,195; including interest (bank index 1.857% as of June 30, 2019) plus 3.25% due May 19, 2027. The note is secured by a first mortgage on the real estate.	\$ 83,199	\$ 92,940

Annual maturities of the note payable as of June 30, 2020 are as follows:

2021	10,271
2022	10,815
2023	11,389
2024	11,987
2025	12,675
Thereafter	<u>26,062</u>
TOTAL	<u><u>\$ 83,199</u></u>

The above note payable, requires that the Organization maintain minimum net assets of \$500,000, to be tested at June 30 annually. As of June 30, 2020, the Organization was in violation of this covenant and the lender provider a loan waiver **[INSERT DETAILS]**.

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 matures on April 14, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 14, 2020. 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 incurred before February 15, 2020. The Organization intends to use the entire Loan amount for qualifying expenses.

Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

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

6. NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Dominican Republic (Banelino)	\$ 10,173	\$ 26,387
Ecuador (Centro Medico)	3,571	-
Ecuador (Tena - Archidona)	9,227	14,777
Ecuador (Tierra Nueva)	1,204	16,949
Guatemala (Pop Wuj)	-	15,449
Guatemala (Community Health Promoters)	10,600	9,600
Nigeria (Bebor School)	24,727	24,316
Nigeria (Amichi)	2,019	1,948
Nigeria (Mercy Medical Mission)	3,897	2,779
Patient Emergency Fund	777	801
Timmy Care	3,701	34,302
Connecting Hearts Abroad	15,700	15,700
Fundraising Prizes	-	12,469
Surgeons medical trips	2,017	2,017
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 87,613	\$ 177,494

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

7. 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 one year of eligible service. The Organization contributes up to 4% of each eligible employee's compensation to the Plan and may also make discretionary contribution. Employer contributions totaled \$2,540 and \$4,530 for the years ended June 30, 2020 and 2019, respectively.

8. OPERATING LEASES

The Organization leases equipment under an operating lease expiring in April 2021. Total lease expense was \$1,109, and \$1,116, for the years ended June 30, 2020 and 2019 respectively.

The future minimum rental payments required under the operating leases for subsequent years ending June 30, are as follows:

	<u>Amount</u>
2021	\$ 930
TOTAL FUTURE MINIMUM LEASE PAYMENTS	<u><u>\$ 930</u></u>

9. RELATED PARTY TRANSACTIONS

During 2020 and 2019, approximately \$ [REDACTED] and \$229,751 of contribution revenue was received from related parties, including certain members of the Board of Directors.

During the year ended June 30, 2020 and 2019, the Organization made medicine purchases of \$24,421 and \$53,179 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.

10. CONCENTRATIONS

The Organization had two major vendors during 2020 and 2019. The percentage of purchases and related payables are as follows:

<u>Vendor</u>	<u>2020</u>		<u>2019</u>	
	<u>% of Purchases</u>	<u>Accounts Payable Balance</u>	<u>% of Purchases</u>	<u>Accounts Payable Balance</u>
A	0%	\$ -	16%	\$ 5,360
B	0%	-	13%	3,770

11. CONTINGENCY

The Organization travels to countries that from time to time could have events or circumstances that require a particular 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.

12. 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).

The Organization has evaluated subsequent events through [REDACTED], which was the date that these financial statements were available for issuance and determined that there were no significant non-recognized subsequent events through the date.