

# HEAL AFRICA USA

## FINANCIAL STATEMENTS

For the years ended  
December 31, 2023 and 2022

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**INDEPENDENT AUDITOR'S REPORT**

May 3, 2024

To the Board of Directors  
Heal Africa USA  
Grand Rapids, Michigan

***Opinion***

We have audited the accompanying financial statements of Heal Africa USA, (a non-profit corporation) which comprise the statements of financial position as of December 31, 2023 and 2022; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Heal Africa USA as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Heal Africa USA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Heal Africa USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Heal Africa USA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Heal Africa USA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters, that we identified during the audit.



Certified Public Accountants  
Grand Rapids, Michigan

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## **FINANCIAL STATEMENTS**

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## STATEMENTS OF FINANCIAL POSITION

HEAL AFRICA USA  
December 31, 2023 and 2022

### ASSETS

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 235,311	\$ 371,716
Pledges receivable	-	7,500
Property and equipment	-	1,131
Less: accumulated depreciation	-	(1,131)
<b>Total Assets</b>	<b><u>\$ 235,311</u></b>	<b><u>\$ 379,216</u></b>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	\$ 81,578	\$ 154,243
Board designated - operating reserve	133,399	197,127
With donor restrictions	20,334	27,846
<b>Total Net Assets</b>	<b><u>\$ 235,311</u></b>	<b><u>\$ 379,216</u></b>

## STATEMENTS OF ACTIVITIES

HEAL AFRICA USA

For the year ended December 31, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2023</b>
<b>Revenue and support:</b>			
Contributions of cash and other financial assets	\$ 63,563	\$ 505,010	\$ 568,573
Interest income	5,816	-	5,816
Net assets released from restrictions	512,522	(512,522)	-
<b>Total Public Support and Revenues</b>	<b>581,901</b>	<b>(7,512)</b>	<b>574,389</b>
<b>Expenses</b>			
Program services	632,545	-	632,545
Management and general	43,833	-	43,833
Fundraising expenses	41,916	-	41,916
<b>Total Expenses</b>	<b>718,294</b>	<b>-</b>	<b>718,294</b>
<b>Change in Net Assets</b>	<b>(136,393)</b>	<b>(7,512)</b>	<b>(143,905)</b>
<b>Net Assets - beginning of year</b>	<b>351,370</b>	<b>27,846</b>	<b>379,216</b>
<b>Net Assets - end of year</b>	<b>\$ 214,977</b>	<b>\$ 20,334</b>	<b>\$ 235,311</b>



## STATEMENTS OF ACTIVITIES (Continued)

**HEAL AFRICA USA**  
For the year ended December 31, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2022</b>
<b>Revenue and support:</b>			
Contributions of cash and other financial assets	\$ 39,773	\$ 771,418	\$ 811,191
Interest income	1,819	-	1,819
Net assets released from restrictions	990,816	(990,816)	-
<b>Total Public Support and Revenues</b>	1,032,408	(219,398)	813,010
<b>Expenses</b>			
Program services	1,083,087	-	1,083,087
Management and general	55,395	-	55,395
Fundraising expenses	57,361	-	57,361
<b>Total Expenses</b>	1,195,843	-	1,195,843
<b>Change in Net Assets</b>	(163,435)	(219,398)	(382,833)
<b>Net Assets - beginning of year</b>	514,805	247,244	762,049
<b>Net Assets - end of year</b>	<b>\$ 351,370</b>	<b>\$ 27,846</b>	<b>\$ 379,216</b>

## STATEMENTS OF FUNCTIONAL EXPENSES

HEAL AFRICA USA  
For the year ended December 31, 2023

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
	<b>Medical and Community Support</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2023</b>
Medical and facilities assistance	\$ 401,948	\$ -	\$ -	\$ 401,948
Community based services	135,985	-	-	135,985
Salaries and wages	29,374	8,333	29,374	67,081
Education and mentoring	20,150	-	-	20,150
Professional services	-	26,064	-	26,064
Personnel support	28,885	-	-	28,885
Payroll taxes	2,248	2,211	674	5,133
Contract services	-	-	9,598	9,598
Bank fees	840	220	768	1,828
Employee benefits	-	2,644	-	2,644
Telephone	-	400	-	400
Website maintenance	-	-	1,201	1,201
Travel	4,628	3,654	-	8,282
Office expenses	70	147	301	518
Other expenses	8,296	160	-	8,456
Postage and delivery	121	-	-	121
<b>Total Expenses</b>	<b>\$ 632,545</b>	<b>\$ 43,833</b>	<b>\$ 41,916</b>	<b>\$ 718,294</b>

## STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

HEAL AFRICA USA

For the year ended December 31, 2022

	Program Services		Supporting Services		Total
	Medical and Community Support	Management and General	Fundraising		2022
Medical and facilities assistance	\$ 740,688	\$ -	\$ -	\$ -	\$ 740,688
Community based services	238,850	-	-	-	238,850
Salaries and wages	44,062	18,111	44,062	-	106,235
Education and mentoring	25,500	-	-	-	25,500
Professional services	-	27,676	-	-	27,676
Personnel support	27,755	-	-	-	27,755
Payroll taxes	3,370	4,424	1,011	-	8,805
Contract services	-	-	9,663	-	9,663
Bank fees	419	145	531	-	1,095
Employee benefits	-	2,644	-	-	2,644
Telephone	-	600	-	-	600
Website maintenance	-	-	1,765	-	1,765
Travel	235	893	-	-	1,128
Office expenses	70	100	329	-	499
Other expenses	1,800	-	-	-	1,800
Postage and delivery	338	-	-	-	338
Insurance	-	802	-	-	802
<b>Total Expenses</b>	<b>\$ 1,083,087</b>	<b>\$ 55,395</b>	<b>\$ 57,361</b>	<b>\$ -</b>	<b>\$ 1,195,843</b>

## STATEMENTS OF CASH FLOWS

HEAL AFRICA USA

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (143,905)	\$ (382,833)
Adjustments to reconcile the change in net assets to net cash used for operating activities:		
Change in assets		
Pledges receivable	7,500	(7,500)
<b>Net Cash Used for Operating Activities</b>	(136,405)	(390,333)
<b>Net Decrease in Cash</b>	(136,405)	(390,333)
<b>Beginning Cash and Cash Equivalents</b>	371,716	762,049
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 235,311</u>	<u>\$ 371,716</u>

# NOTES TO FINANCIAL STATEMENTS

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HEAL AFRICA USA

For the years ended December 31, 2023 and 2022

## **Note A – Nature of Activities and Summary of Significant Accounting Policies**

### **Nature of Activities**

The accompanying financial statements present the financial position, results of operations and cash flows of Heal Africa USA (the “Organization”). The Organization was organized in Michigan as a not-for-profit corporation in 2006. The work of the Organization is to serve vulnerable people and communities in the Democratic Republic of the Congo through a holistic approach to Healthcare, Education, community Action, and Leadership development in response to changing needs.

### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting, recording revenue when earned rather than when received, and recording expenses when incurred rather than when paid.

### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

### **Cash and Cash Equivalents**

Cash consists of cash on hand. For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Organization maintains cash balances in checking and savings accounts and a certificate of deposit. The cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. From time to time during the year, the Organization may have cash in a bank checking or savings account in excess of the federally insured limit.

### **Pledges Receivable**

During the year ended December 31, 2022, the Organization received a pledge from a donor to contribute monies in the future for various purposes. This pledge was all due within one year. In management’s opinion, no allowance was considered necessary at December 31, 2022. The pledge was received in 2023.

### **Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

#### **Property and Equipment**

Property and equipment are stated at cost, or in the case of donated property, at estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the computer equipment which is three years.

#### **Net Assets**

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

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

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### **Revenue Recognition**

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance obligation or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor-imposed stipulations that are met in the same year as received or earned are reported as unrestricted revenue.

### **Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

#### **Contributions of Nonfinancial Assets**

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, which are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Many volunteers have contributed significant amounts of time to the Organization without compensation. These contributions, although clearly substantial, are not recognized as contributions in the financial statements since the recognition criteria stated above was not met.

#### **Functional Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general 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.

#### **Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization evaluates tax positions taken on its federal Exempt Organization Business Income Tax Returns in accordance with accounting principles generally accepted in the United States of America, which require that tax positions taken be more-likely-than-not to be sustained. Management believes that the Organization has no significant unrecognized tax benefits under that criteria. Penalties and interest, if any, assessed by income taxing authorities are included in operating expenses. The Organization's federal Exempt Organization Business Income Tax Returns are generally subject to examination by taxing authorities for three years after they were filed.

#### **Concentration Risk**

The Organization received approximately 77% of its revenue from two donors for the year ended December 31, 2023. The Organization received approximately 87% of its revenue from two donors for the year ended December 31, 2022.

## NOTES TO FINANCIAL STATEMENTS

HEAL AFRICA USA

For the years ended December 31, 2023 and 2022

### **Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

#### **Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 3, 2024, which is the date the financial statements were available to be issued.

### **Note B – Liquidity and Availability**

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Organizations' sources of liquidity at their disposal include cash and cash equivalents and pledges receivable. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to their ongoing programmatic activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The Organization's goal is to maintain readily available financial assets to meet six months of operating expenses. As part of its liquidity plan, excess cash is invested in money markets and separate cash accounts. The following represents the Organization's financial assets at December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Financial assets:		
Cash and cash equivalents	\$ 235,311	\$ 371,716
Pledges receivable	-	7,500
All financial assets are available to meet general expenditures over the next twelve months	<u>\$ 235,311</u>	<u>\$ 379,216</u>



## NOTES TO FINANCIAL STATEMENTS

HEAL AFRICA USA

For the years ended December 31, 2023 and 2022

### **Note C – Net Assets with Donor Restrictions**

Net assets with donor restrictions were restricted for the following purposes as of December 31, 2023 and 2022, respectively.

	<b>2023</b>	<b>2022</b>
Education - Mungungu	\$ 16,275	\$ 16,275
Health - mercy fund	10	292
Medical equipment	850	-
Personnel support: Bizi	1,275	-
Personnel support: Dr Jo	-	9,369
Personnel support: Jospin	1,020	-
Provide hospital stay/safe house	115	578
Women - Wamama	789	1,332
<b>Total</b>	<b>\$ 20,334</b>	<b>\$ 27,846</b>

### **Note D – Retirement Plan Contribution**

The previous Executive Director was eligible to participate in a post-retirement contribution plan. The Organization contributed \$2,644 to this plan for his benefit for each of the years ended December 31, 2023 and 2022.