

Health Talents International, Inc.

Audited Financial Statements

For the Years Ended December 31, 2022 and 2021

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Health Talents International, Inc.
Audited Financial Statements
For the Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Health Talents International, Inc.
Searcy, Arkansas

Opinion

We have audited the accompanying financial statements of Health Talents International, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2022 and 2021, and the related statements of support, revenue, and expenses and changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, and net assets of Health Talents International, Inc. as of December 31, 2022 and 2021, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit 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 Health Talents International, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 Health Talent International, Inc.'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 Health Talents International, Inc.'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 Health Talents International, Inc.'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.

Thomas, Speight & Noble, CPAs

Thomas, Speight & Noble, CPAs
Jonesboro, Arkansas
October 20, 2023

Health Talents International, Inc.
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis
As of December 31, 2022

ASSETS

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>Capital Fund</u>	<u>Scholarship Fund</u>	<u>Total</u>
Current assets:					
Cash and cash equivalents	\$ 662,944	\$ 175,200	\$ -	\$ -	\$ 838,144
Investments	-	596,432	-	-	596,432
Total current assets	<u>662,944</u>	<u>771,632</u>	<u>-</u>	<u>-</u>	<u>1,434,576</u>
Restricted cash and cash equivalents	69,500	-	22,377	257,378	349,255
Restricted investments	-	-	-	270,867	270,867
Property and equipment, net	-	-	241,877	-	241,877
Other assets	135	-	-	-	135
TOTAL ASSETS	<u>\$ 732,579</u>	<u>\$ 771,632</u>	<u>\$ 264,254</u>	<u>\$ 528,245</u>	<u>\$2,296,710</u>

LIABILITIES AND NET ASSETS

Current liabilities:					
Payroll liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS:					
Net assets without donor restrictions					
Undesignated	663,079	-	241,877	-	904,956
Designated	-	771,632	-	-	771,632
Total net assets without donor restrictions	<u>663,079</u>	<u>771,632</u>	<u>241,877</u>	<u>-</u>	<u>1,676,588</u>
Net assets with donor restrictions	69,500	-	22,377	528,245	620,122
TOTAL NET ASSETS	<u>732,579</u>	<u>771,632</u>	<u>264,254</u>	<u>528,245</u>	<u>2,296,710</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 732,579</u>	<u>\$ 771,632</u>	<u>\$ 264,254</u>	<u>\$ 528,245</u>	<u>\$2,296,710</u>

The accompanying notes are an integral part of these financial statements.

Health Talents International, Inc.
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis
As of December 31, 2021

ASSETS

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>Capital Fund</u>	<u>Scholarship Fund</u>	<u>Total</u>
Current assets:					
Cash and cash equivalents	\$ 909,509	\$ 93,024	\$ -	\$ -	\$1,002,533
Investments	-	517,077	-	-	517,077
Total current assets	<u>909,509</u>	<u>610,101</u>	<u>-</u>	<u>-</u>	<u>1,519,610</u>
Restricted cash and cash equivalents	207,914	-	20,980	151,241	380,135
Restricted investments	-	-	-	213,282	213,282
Property and equipment, net	-	-	278,904	-	278,904
Other assets	135	-	-	-	135
TOTAL ASSETS	<u>\$ 1,117,558</u>	<u>\$ 610,101</u>	<u>\$ 299,884</u>	<u>\$ 364,523</u>	<u>\$2,392,066</u>

LIABILITIES AND NET ASSETS

Current liabilities:					
Payroll liabilities	\$ 3,378	\$ -	\$ -	\$ -	\$ 3,378
Total current liabilities	<u>3,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,378</u>
NET ASSETS:					
Net assets without donor restrictions					
Undesignated	906,266	-	278,904	-	1,185,170
Designated	-	610,101	-	-	610,101
Total net assets without donor restrictions	<u>906,266</u>	<u>610,101</u>	<u>278,904</u>	<u>-</u>	<u>1,795,271</u>
Net assets with donor restrictions	207,914	-	20,980	364,523	593,417
TOTAL NET ASSETS	<u>1,114,180</u>	<u>610,101</u>	<u>299,884</u>	<u>364,523</u>	<u>2,388,688</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,117,558</u>	<u>\$ 610,101</u>	<u>\$ 299,884</u>	<u>\$ 364,523</u>	<u>\$2,392,066</u>

The accompanying notes are an integral part of these financial statements.

Health Talents International, Inc.
Statement of Support, Revenue, and Expenses and Changed in Net Assets - Modified Cash Basis
For the year ended December 31, 2022

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>Capital Fund</u>	<u>Scholarship Fund</u>	<u>Total</u>
Revenue and Support:					
Contributions	\$ 1,158,155	\$ -	\$ -	\$ -	\$ 1,158,155
ABC Program	324,070	-	-	-	324,070
Medical mission trips	119,520	-	-	-	119,520
PPP Proceeds	-	-	-	-	-
Gain/(loss) on disposal of assets	-	-	-	-	-
Investment Income	223	(51,672)	-	-	(51,449)
Total revenue and support without donor restrictions	<u>1,601,968</u>	<u>(51,672)</u>	<u>-</u>	<u>-</u>	<u>1,550,296</u>
Net assets released from restrictions:					
Restricted satisfied by specific purpose	154,414	-	-	59,955	214,369
Total net assets released from restrictions	<u>154,414</u>	<u>-</u>	<u>-</u>	<u>59,955</u>	<u>214,369</u>
Expenses					
Program services	1,381,819	-	35,917	-	1,417,736
Support services:					
Management and general	176,351	-	555	-	176,906
Fundraising	225,222	-	555	-	225,777
Total expenses	<u>1,783,392</u>	<u>-</u>	<u>37,027</u>	<u>-</u>	<u>1,820,419</u>
Increase in net assets without donor restrictions	<u>(27,010)</u>	<u>(51,672)</u>	<u>(37,027)</u>	<u>59,955</u>	<u>(55,754)</u>
Changes in net assets with donor restrictions:					
Contributions	\$ 16,000	\$ -	\$ 99	\$ 181,810	\$ 197,909
Investment income/(loss)	-	-	1,298	(21,062)	(19,764)
Net assets released from restrictions	<u>(154,414)</u>	<u>-</u>	<u>-</u>	<u>(59,955)</u>	<u>(214,369)</u>
Increase(decrease) in net assets with donor restrictions	<u>(138,414)</u>	<u>-</u>	<u>1,397</u>	<u>100,793</u>	<u>(36,224)</u>
Increase (decrease) in net assets	<u>(165,424)</u>	<u>(51,672)</u>	<u>(35,630)</u>	<u>160,748</u>	<u>(91,978)</u>
Transfer between funds	<u>(216,177)</u>	<u>213,203</u>	<u>-</u>	<u>2,974</u>	<u>-</u>
Net assets at beginning of the year	<u>1,114,180</u>	<u>610,101</u>	<u>299,884</u>	<u>364,523</u>	<u>2,388,688</u>
Net assets at end of year	<u>\$ 732,579</u>	<u>\$ 771,632</u>	<u>\$ 264,254</u>	<u>\$ 528,245</u>	<u>\$ 2,296,710</u>

The accompanying notes are an integral part of these financial statements.

Health Talents International, Inc.
Statement of Support, Revenue, and Expenses and Changed in Net Assets - Modified Cash Basis
For the year ended December 31, 2021

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>Capital Fund</u>	<u>Scholarship Fund</u>	<u>Total</u>
Revenue and Support:					
Contributions	\$ 1,601,395	\$ -	\$ -	\$ -	\$ 1,601,395
ABC Program	330,843	-	-	-	330,843
Medical mission trips	44,988	-	-	-	44,988
PPP Proceeds	64,263	-	-	-	64,263
Gain/(loss) on disposal of assets	-	-	(303)	-	(303)
Investment Income	958	62,295	-	-	63,253
Total revenue and support without donor restrictions	<u>2,042,447</u>	<u>62,295</u>	<u>(303)</u>	<u>-</u>	<u>2,104,439</u>
Net assets released from restrictions:					
Restricted satisfied by specific purpose	177,157	-	2,933	54,775	234,865
Total net assets released from restrictions	<u>177,157</u>	<u>-</u>	<u>2,933</u>	<u>54,775</u>	<u>234,865</u>
Expenses					
Program services	1,296,627	-	34,230	-	1,330,857
Support services:					
Management and general	131,363	-	529	-	131,892
Fundraising	138,394	-	530	-	138,924
Total expenses	<u>1,566,384</u>	<u>-</u>	<u>35,289</u>	<u>-</u>	<u>1,601,673</u>
Increase in net assets without donor restrictions	<u>653,220</u>	<u>62,295</u>	<u>(32,659)</u>	<u>54,775</u>	<u>737,631</u>
Changes in net assets with donor restrictions:					
Contributions	\$ 322,923	\$ -	\$ 15,740	\$ 62,750	\$ 401,413
Investment income/(loss)	-	-	(626)	25,814	25,188
Net assets released from restrictions	(177,157)	-	(2,933)	(54,775)	(234,865)
Increase(decrease) in net assets with donor restrictions	<u>145,766</u>	<u>-</u>	<u>12,181</u>	<u>33,789</u>	<u>191,736</u>
Increase (decrease) in net assets	798,986	62,295	(20,478)	88,564	929,367
Transfer between funds	(56,339)	8,696	102,418	(54,775)	-
Net assets at beginning of the year	369,109	539,110	217,944	330,734	1,456,897
Prior period adjustment	2,424	-	-	-	2,424
Net assets at beginning of year, restated	371,533	539,110	217,944	330,734	1,459,321
Net assets at end of year	\$ 1,114,180	\$ 610,101	\$ 299,884	\$ 364,523	\$ 2,388,688

The accompanying notes are an integral part of these financial statements.

Health Talents International, Inc.
Statement of Functional Expenses - Modified Cash Basis
For the year ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Medical Mission Trp	\$ 208,842	\$ -	\$ -	\$ 208,842
Financial Assistance				
Operations Grants	477,310	-	-	477,310
Scholarship Grants	51,000	-	-	51,000
ABC Program Grants	278,260	-	-	278,260
Mission Team Grants	135,625	-	-	135,625
Special Campaign	64,683	-	-	64,683
Other Support	8,346	-	-	8,346
ABC Program	-	21,697	-	21,697
Salaries & Employee Benefits	102,442	122,930	184,395	409,767
Evangelism Training	10,618	-	-	10,618
Printing	-	7,359	14,942	22,301
Postage	516	1,547	3,094	5,157
Advertising/Publicity	1,658	-	1,658	3,316
Professional Services	5,909	5,736	5,736	17,381
Meetings	7,198	1,661	2,215	11,074
Rent	2,250	6,750	-	9,000
Supplies	313	313	-	626
Telephone	599	479	120	1,198
Misc	8,279	1,380	4,140	13,799
Travel	14,021	2,549	8,922	25,492
Insurance	3,950	3,950	-	7,900
 Total expenses before depreciation	 <u>1,381,819</u>	 <u>176,351</u>	 <u>225,222</u>	 <u>1,783,392</u>
Depreciation	35,917	555	555	37,027
 Total expenses	 <u>\$ 1,417,736</u>	 <u>\$ 176,906</u>	 <u>\$ 225,777</u>	 <u>\$ 1,820,419</u>

The accompanying notes are an integral part of these financial statements.

Health Talents International, Inc.
Statement of Functional Expenses - Modified Cash Basis
For the year ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Medical Mission Trp	\$ 82,056	\$ -	\$ -	\$ 82,056
Financial Assistance				
Operations Grants	425,400	-	-	425,400
Scholarship Grants	57,525	-	-	57,525
ABC Program Grants	296,500	-	-	296,500
Mission Team Grants	139,985	-	-	139,985
Special Campaign	68,082	-	-	68,082
Other Support	8,537	-	-	8,537
ABC Program	-	19,312	-	19,312
Salaries & Employee Benefits	168,339	93,522	112,226	374,087
Evangelism Training	217	-	-	217
Printing	12,230	-	6,023	18,253
Postage	2,012	335	1,006	3,353
Advertising/Publicity	1,355	-	1,355	2,710
Professional Services	5,723	5,556	5,556	16,835
Meetings	5,795	1,337	1,783	8,915
Rent	1,700	5,100	-	6,800
Supplies	509	510	-	1,019
Telephone	262	209	52	523
Misc	8,169	1,362	4,085	13,616
Travel	9,913	1,802	6,308	18,023
Insurance	2,318	2,318	-	4,636
Total expenses before depreciation	<u>1,296,627</u>	<u>131,363</u>	<u>138,394</u>	<u>1,566,384</u>
Depreciation	34,230	529	530	35,289
Total expenses	<u>\$ 1,330,857</u>	<u>\$ 131,892</u>	<u>\$ 138,924</u>	<u>\$ 1,601,673</u>

The accompanying notes are an integral part of these financial statements.

Health Talents International, Inc.
Statement of Cash Flows - Modified Cash Basis
For the year ended December 31, 2022

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>Capital Fund</u>	<u>Scholarship Fund</u>	<u>Total</u>
Cash flows from operating activities:					
Increase/(decrease) in net assets	\$ (381,601)	\$ 161,531	\$ (35,630)	\$ 163,722	\$ (91,978)
Loss on disposal of assets	-	-	-	-	-
Adjustments to reconcile increase in net assets to cash provided by operating activities:					
Depreciation & amortization	-	-	37,027	-	37,027
Realized and unrealized (gain) loss investments	-	(23,045)	-	(7,037)	(30,082)
Increase/(decrease) in operating liabilities:					
Payroll liabilities	(3,377)	-	-	-	(3,377)
Net cash provided by/(used for) operating activities	<u>(384,978)</u>	<u>138,486</u>	<u>1,397</u>	<u>156,685</u>	<u>(88,410)</u>
Cash flows from investing activities:					
Purchase of fixed assets	-	-	-	-	-
Proceeds from sales of investments	-	-	-	-	-
Purchase of investments	-	(56,310)	-	(50,548)	(106,858)
Net cash provided by/(used for) investing activities	<u>-</u>	<u>(56,310)</u>	<u>-</u>	<u>(50,548)</u>	<u>(106,858)</u>
Cash flows from financing activities:					
Net cash provided by/(used for) financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(384,978)	82,176	1,397	106,137	(195,268)
Cash and cash equivalents, beginning of year	<u>1,117,422</u>	<u>93,024</u>	<u>20,980</u>	<u>151,241</u>	<u>1,382,668</u>
Cash and cash equivalents at end of year	<u>\$ 732,444</u>	<u>\$ 175,200</u>	<u>\$ 22,377</u>	<u>\$ 257,378</u>	<u>\$ 1,187,400</u>
Unrestricted cash and cash equivalents	\$ 662,944	\$ 175,200	\$ -	\$ -	\$ 838,144
Restricted cash and cash equivalents	69,500	-	22,377	257,378	349,255
Total cash and cash equivalents	<u>\$ 732,444</u>	<u>\$ 175,200</u>	<u>\$ 22,377</u>	<u>\$ 257,378</u>	<u>\$ 1,187,399</u>

The accompanying notes are an integral part of these financial statements.

Health Talents International, Inc.
Statement of Cash Flows - Modified Cash Basis
For the year ended December 31, 2021

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>Capital Fund</u>	<u>Scholarship Fund</u>	<u>Total</u>
Cash flows from operating activities:					
Increase/(decrease) in net assets	\$ 742,647	\$ 70,991	\$ 81,940	\$ 33,789	\$ 929,367
Loss on disposal of assets	-	-	302	-	302
Adjustments to reconcile increase in net assets to cash provided by operating activities:					
Depreciation & amortization	-	-	35,289	-	35,289
Realized and unrealized (gain) loss investments	-	(44,145)	629	(18,020)	(61,536)
Increase/(decrease) in operating liabilities:					
Payroll liabilities	(592)	-	-	-	(592)
Net cash provided by/(used for) operating activities	<u>742,055</u>	<u>26,846</u>	<u>118,160</u>	<u>15,769</u>	<u>902,831</u>
Cash flows from investing activities:					
Purchase of fixed assets	-	-	(105,350)	-	(105,350)
Proceeds from sales of investments	-	66,458	15,110	19,747	101,315
Purchase of investments	-	(53,380)	(15,739)	(27,309)	(96,428)
Net cash provided by/(used for) investing activities	<u>-</u>	<u>13,078</u>	<u>(105,979)</u>	<u>(7,562)</u>	<u>(100,463)</u>
Cash flows from financing activities:					
Net cash provided by/(used for) financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	742,055	39,924	12,181	8,207	802,368
Cash and cash equivalents, beginning of year	375,367	53,100	8,799	143,034	580,300
Cash and cash equivalents at end of year	<u>\$ 1,117,422</u>	<u>\$ 93,024</u>	<u>\$ 20,980</u>	<u>\$ 151,241</u>	<u>\$ 1,382,668</u>
Unrestricted cash and cash equivalents	\$ 909,509	\$ 93,024	\$ -	\$ -	\$ 1,002,533
Restricted cash and cash equivalents	207,914	-	20,980	151,241	380,135
Total cash and cash equivalents	<u>\$ 1,117,422</u>	<u>\$ 93,024</u>	<u>\$ 20,980</u>	<u>\$ 151,241</u>	<u>\$ 1,382,668</u>

The accompanying notes are an integral part of these financial statements.

Health Talents International, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies

Nature of Activities

Health Talents International, Inc. ("HTI") is an Alabama not-for profit corporation organized in 1973 to provide assistance in the establishment, development, and operation of medical missions in the United States and foreign countries. Principal operations consist of providing primary care and surgical clinics in Central America. HTI is Christian based with the goal of spreading Christianity through medical evangelism.

Basis of Accounting

HTI prepares its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, support and revenue are recognized when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. HTI has elected to capitalize fixed asset purchases and provide for depreciation over their estimated useful lives. In addition, donations of supplies and materials are not included in accompanying modified cash basis financial statements.

Basis of Presentation

HTI reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Undesignated - Net assets that are not subject to donor-imposed stipulations

Designated - Net assets designated by HTI for operating reserves

Net Assets With Donor Restrictions

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of HTI and/or the passage of time. Temporarily restricted net assets include funds for the ABC Program, scholarships, and the Crosswalk Campaign.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by HTI. Generally donors of these assets may permit HTI to use all or part of the income earned for general or specific purposes. HTI currently has no permanently restricted net assets.

Contributions

All contributions are available for unrestricted use unless specifically restricted for use by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes, are reported as net assets with donor restrictions, that increases that net position class. When a restriction-expires, net-assets with donor restrictions is reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Health Talents International, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment purchased or acquired, with an original cost of \$1,000 or more, are stated at historical cost and depreciated over their estimated useful lives. Depreciable lives of major classes of property and equipment are as follows:

Buildings	25 years
Building Improvements	15 – 25 years
Furnishings and equipment	3 – 7 years

Depreciation expense is \$37,028 and \$35,289 for 2022 and 2021, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, HTI considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are reported at quoted market values. Unrealized gains or losses in the value of investments are reported in the period they occur.

Income Taxes

HTI is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. HTI has not been classified as a private foundation.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to income tax examinations by the United States federal, state, or local tax authorities for years before 2020.

Fair Value of Financial Instruments

The estimated fair values of the Organization's short-term financial instruments approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses directly attributable to a specific area of the Organization are reported as expenses of those functional areas. Expenses which benefit more than one area are also reported based upon actual expenditures for each category.

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Notes to Financial Statements
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Note 1: Summary of Significant Accounting Policies (Continued)

Advertising

Advertising costs are expensed as incurred. Total advertising costs were \$3,316 and \$2,710 for the years ended December 31, 2022 and 2021, respectively.

Liquidity and Availability of Financial Assets

The financial assets as of December 31, 2021 total \$2,113,027 which include cash and cash equivalents and short-term investments. Some of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit.

Financial assets, at year-end	\$ 2,054,702
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(620,122)
Board designations:	
Amounts set aside for capital improvements and other expenditures	(771,633)
Financial assets available to meet cash needs for general expenditures within one year	\$ 662,947

Note 2: Property and Equipment

Property and equipment consists of the following:

	2021	Additions	Disposals	2022
Buildings	\$ 929,337	-	-	\$ 929,337
Land	7,939	-	-	7,939
Office furnishings and equipment	4,494	-	-	4,494
Clinic furnishings and equipment	164,390	-	-	164,390
	1,106,160	-	-	1,106,160
Less: accumulated depreciation	(827,256)	(37,027)	-	(864,283)
	\$ 278,904	(37,027)	-	\$ 241,877

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Note 3: Related Party Transactions

HTI provides financial assistance to its affiliate in Guatemala, Talentos de Salud Internacional (TSI), a Guatemala non-profit and has its own governing board. HTI owns the medical and dental clinic buildings in Guatemala and TSI operates them licensed under Guatemala regulations. Total assistance of \$1,015,224 and \$919,410 was provided for the years ended December 31, 2022 and 2021, respectively.

Note 4: Concentrations of Credit Risk

Health Talents International, Inc. maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, uninsured cash balances totaled \$493,827.

Note 5: Fair Value Measurement

Fair Value Measurement

The Organization accounts for financial instruments using the standards included in the *Fair Value Measurements and Disclosures (ASC 820)* topic of the Accounting Standards Codification. This topic provides a framework for measuring fair value under generally accepted accounting principles and applies to all financial instruments that are being measured and reported on this basis.

As defined in the *Fair Value Measurement* topic, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based upon these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based upon observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes United States agency securities, municipal bonds, and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

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Note 5: Fair Value Measurement (Continued)

Level 3 - Valuations for assets or liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based upon market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets for liabilities.

For the year ended December 31, 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Investments as of December 31, 2022 consist of fixed income securities and equity mutual funds (all Level 1 measurements). The carrying value of investments is approximately equal to its fair value.

Investments are stated at fair value and are summarized as follows:

	December 31, 2022			December 31, 2021		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Fixed income securities	\$ 391,786	\$ 369,204	\$ (22,582)	\$ 293,204	\$ 289,336	\$ (3,868)
Equity mutual funds	445,430	498,095	52,665	305,335	441,023	135,688
	\$ 837,216	\$ 867,299	\$ 30,083	\$ 598,539	\$ 730,359	\$ 131,820

Investment income consists of the following for the year ended December 31:

	2022	2021
Dividends and interest	\$ 29,523	\$ 26,165
Realized and unrealized gains and (losses), net	(100,736)	62,276
Total investment income/(loss)	\$ (71,213)	\$ 88,441

Note 6: Prior Period Adjustment

The Organization's unrestricted net assets were understated by \$2,424 in the prior year due to several old and outstanding checks being included on bank reconciliation. An adjustment was posted as an increase to unrestricted net assets of \$2,424 as of December 31, 2021 to void the old and outstanding checks.

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Note 7: Board-Designated Endowments

The Organization's endowment fund consists of investment funds established and maintained by the board of directors to ensure the long-term financial security of the Organization and to provide a stream of revenue to support the Organization's programs.

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes bond funds and equity funds, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The principal of the Endowment Fund will not be spent but will be allowed to grow through earned income and through additional contributions designated for the Endowment Fund. The Board will draw from the earned income of the Endowment Fund annually an amount not to exceed 5% of the Fund balance to supplement revenue for HTI program mission fulfillment. If the balance of the Fund is less than \$100,000 on September 30, there will be no annual draw that year.

Note 8: Subsequent Events

Management has evaluated subsequent events through October 20, 2023, the date at which the financial statements were available to be issued.