

**HEALING THE CHILDREN NEW
JERSEY, INC.**

Independent Auditors' Report and
Financial Statements for the
Year Ended December 31, 2020
(with Comparative Totals for the Year Ended
December 31, 2019)

HEALING THE CHILDREN NEW JERSEY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Healing the Children New Jersey, Inc.

Opinion

We have audited the accompanying financial statements of Healing the Children New Jersey, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 Healing the Children New Jersey, Inc. as of December 31, 2020, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Healing the Children New Jersey, 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Healing the Children New Jersey, 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, including omissions, 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 Healing the Children New Jersey, 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 Healing the Children New Jersey, 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.

Report on Summarized Comparative Information

We have previously audited Healing the Children New Jersey, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Fairfield, New Jersey
November 15, 2021

HEALING THE CHILDREN NEW JERSEY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 161,255	\$ 224,679
Unconditional promises to give, net	8,983	6,177
Investments	62,330	23,188
Prepaid expenses	-	7,104
Total current assets	232,568	261,148
PROPERTY AND EQUIPMENT - NET	139,747	148,046
TOTAL ASSETS	\$ 372,315	\$ 409,194
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,384	\$ 10,959
Accrued expenses	14,499	11,266
Deferred revenue	2,549	4,000
Long term debt - current portion	4,498	4,287
Total current liabilities	22,930	30,512
LONG TERM LIABILITIES:		
Paycheck protection program	23,345	-
Long term debt, less current portion	64,606	69,035
Total long term liabilities	87,951	69,035
Total liabilities	110,881	99,547
NET ASSETS:		
Without donor restrictions	213,928	272,141
With donor restrictions	47,506	37,506
Total net assets	261,434	309,647
TOTAL LIABILITIES AND NET ASSETS	\$ 372,315	\$ 409,194

HEALING THE CHILDREN NEW JERSEY, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
PUBLIC SUPPORT AND REVENUES:				
Contributions	\$ 87,901	\$ -	\$ 87,901	\$ 68,905
Non-cash contributions	35,200	-	35,200	1,257,247
Fundraising activities	11,384	-	11,384	97,964
Grants	-	10,000	10,000	44,771
Net assets released from restrictions:				
Satisfaction of purpose restrictions	-	-	-	-
Total public support and revenues	134,485	10,000	144,485	1,468,887
EXPENSES:				
Program services:				
Domestic aid	33,058	-	33,058	30,622
International inbound aid	79,751	-	79,751	318,828
Medical teams abroad	24,178	-	24,178	1,060,723
Total program services	136,987	-	136,987	1,410,173
Supporting services:				
Management and general	31,140	-	31,140	67,074
Fundraising	33,916	-	33,916	73,321
Total supporting services	65,056	-	65,056	140,395
Total expenses	202,043	-	202,043	1,550,568
CHANGE IN NET ASSETS BEFORE NON- OPERATING ACTIVITIES	(67,558)	10,000	(57,558)	(81,681)
NON-OPERATING ACTIVITIES:				
Investment income (loss)	9,345	-	9,345	2,716
CHANGE IN NET ASSETS	(58,213)	10,000	(48,213)	(78,965)
NET ASSETS, BEGINNING OF YEAR	272,141	37,506	309,647	388,612
NET ASSETS, END OF YEAR	\$ 213,928	\$ 47,506	\$ 261,434	\$ 309,647

HEALING THE CHILDREN NEW JERSEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Program Services				Supporting Services		Total	
	Domestic aid	International inbound aid	Medical teams abroad	Total	Management and general	Fundraising	2020	2019
Personnel costs:								
Salaries and wages	\$ 9,338	\$ 32,259	\$ 13,583	\$ 55,180	\$ 10,186	\$ 19,526	\$ 84,892	\$ 103,619
Payroll taxes	789	2,726	1,147	4,662	861	1,649	7,172	8,418
Total personnel costs	10,127	34,985	14,730	59,842	11,047	21,175	92,064	112,037
Donated airfare	-	-	-	-	-	-	-	115,508
Donated medical services	-	-	-	-	-	-	-	948,585
Donated medical supplies	-	-	-	-	-	-	-	167,927
Medical supplies and assistance	20,334	35,793	-	56,127	-	-	56,127	40,681
Travel and meetings	-	-	2,149	2,149	-	-	2,149	41,663
Shipping and postage	-	-	-	-	1,141	-	1,141	888
Stationery and office expense	-	-	-	-	5,538	-	5,538	28,747
Events auctioneer and auction items	-	-	-	-	-	7,310	7,310	16,238
Events banquet	-	-	-	-	-	-	-	21,888
Professional fees	850	2,936	1,236	5,022	927	1,777	7,726	12,265
Dues and subscriptions	-	-	-	-	1,150	-	1,150	4,150
Informational technology	-	-	-	-	823	-	823	1,180
Utilities	455	1,571	661	2,687	496	951	4,134	3,987
Publicity	-	-	-	-	3,050	-	3,050	3,195
Repairs and maintenance	-	-	-	-	1,185	-	1,185	6,930
Interest	380	1,312	552	2,244	414	794	3,452	3,640
Insurance	-	-	3,522	3,522	1,286	-	4,808	9,239
Miscellaneous	-	-	-	-	3,087	-	3,087	1,770
Total expenses before depreciation	32,146	76,597	22,850	131,593	30,144	32,007	193,744	1,540,518
Depreciation	912	3,154	1,328	5,394	996	1,909	8,299	10,050
Total expenses	\$ 33,058	\$ 79,751	\$ 24,178	\$ 136,987	\$ 31,140	\$ 33,916	\$ 202,043	\$ 1,550,568

HEALING THE CHILDREN NEW JERSEY, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from contributions and grants	\$ 97,901	\$ 113,676
Cash received from fundraising	11,384	97,964
Cash paid to employees and vendors	(134,875)	(245,743)
Net cash (used in) operating activities	(25,590)	(34,103)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	12,382	367
Interest and dividends received	638	756
Purchases of investments	(43,184)	(25,227)
Net cash (used in) investing activities	(30,164)	(24,104)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of long term debt	(4,218)	(4,086)
Interest paid	(3,452)	(3,640)
Net cash (used in) financing activities	(7,670)	(7,726)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(63,424)	(65,933)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	224,679	290,612
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	\$ 161,255	\$ 224,679

HEALING THE CHILDREN NEW JERSEY, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

1. NATURE OF ACTIVITIES

Healing the Children New Jersey, Inc. (the "Organization") is a nonprofit organization that arranges for donated medical services for needy children who otherwise could not afford such treatment. There are children in this world who do not receive necessary medical care because of inadequate resources in the area in which they live. There are concerned individuals and organizations willing and able to provide the necessary medical care for these children. The Organization acts as a referral agency for the purpose of placing these children with appropriate medical resources and families that will support their needs.

In addition, the Organization facilitates the connection between the children and the necessary medical care by locating these needy children, identifying their specific medical needs, recruiting medical personnel and facilities to provide the required care, arranging for temporary placement of children with host families who will furnish loving support for the children in the community where the care will be provided, coordinating logistics between all involved parties and cooperate with other local, national or international agencies in meeting the medical and placement needs of the children and raising the funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting --- The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when received and expenses are recognized when incurred.

Basis of presentation --- The Organization prepares its financial statements utilizing the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Nonprofit Organizations*, and other pronouncements applicable to nonprofit organizations. The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Paragraphs 958-205-45-2(a) through (d), which establishes standards for external financial reporting by nonprofit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to the existence or absence of donor-imposed restrictions; net assets with donor restrictions and net assets without donor restrictions.

ASC Paragraphs 958-605-45-3 through 7, *Contributions Received*, requires that unconditional promises to give be recorded as receivables and revenue and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions.

Accordingly, net assets of the Organization and changes therein would be classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

HEALING THE CHILDREN NEW JERSEY, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (CONT.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Basis of presentation (Cont.) ---

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, 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.

Fair value (hierarchy) of financial instruments --- The Organization measures fair value of its assets and liabilities as defined by FASB ASC Topic 820, *Fair Value Measurement and Disclosure*. This ASC Topic defines fair value, establishes a framework for measuring fair value, establishes a three-level fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The three fair value hierarchy levels are defined as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;

Level 3 – Inputs are unobservable inputs for the assets and liabilities. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available. Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

Unless otherwise noted, the fair values of financial instruments approximate their carrying values. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value. FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs are used to measure fair value within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements.

As of December 31, 2020 and 2019, except for investments, none of the assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative instruments, including cash, accounts receivable, unconditional promises to give, accounts payable and accrued expenses, approximate fair value, due to the short term nature of these financial instruments. There were no changes in methods or assumptions during the year ended December 31, 2020 and 2019.

HEALING THE CHILDREN NEW JERSEY, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (CONT.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Cash and cash equivalents --- For purposes of the statement of cash flows, the Organization considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Restricted cash --- Restricted cash is the portion of cash that will be used to cover expenditures that have been purpose restricted by the donor and reflected as net assets with donor restrictions.

Investments --- The Organization invests in marketable securities which are classified as available for sale. Realized gains and losses on investments, interest and dividends are included in non-operating income in the accompanying statements of activities.

Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Property and equipment --- Property and equipment are recorded at cost and are depreciated using the straight-line basis over the approximate useful lives. The Organization's policy is to capitalize property and equipment with a purchase price of \$1,000 or more and a useful life of one year or more. Expenditures for maintenance, repairs and renewals of minor items are charged to earnings as incurred. Major renewals, improvements and expenditures which increase the useful lives of assets are capitalized.

The Organization uses the following estimated useful lives:

Asset Class	Years
Building and improvements	7-39
Office furniture and fixtures	5
Medical equipment	7-10

Impairment of long-lived assets --- The Organization continually evaluates whether current events or circumstances warrant adjustments to the carrying value or estimated useful lives of property and equipment in accordance with the provisions of ASC 360-10-05, *Impairment or Disposals of Long-Lived Assets*.

Revenue and support recognition ---

Fundraising --- Fundraising revenue is considered an exchange transaction and accordingly, amounts are recognized when the event takes place. Additionally, funds received in advance of the event(s) are accounted for as deferred revenue in the statement of financial position.

HEALING THE CHILDREN NEW JERSEY, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (CONT.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Revenue and support recognition (cont.) ---

Contributions --- Contributions, including unconditional promises to give, are recorded as received. All contributions are available for use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Non-cash contributions - Donated services --- Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) required specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Donated goods --- To provide additional support for its medical assistance to children, the Organization solicits and receives donations of supplies, equipment, and volunteer support. During the years ended December 31, 2020 and 2019, the Organization received donations of airfare of \$-0- and \$140,735, respectively.

Functional allocation of expenses --- Expenses are charged to the Organization's major programs based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to the programs based on units of service and support or by methods considered by management to be reasonable. Program expenses are those related to Domestic Aid, International Inbound and Medical Teams Abroad services. Management and general expenses relate to administrative expenses incurred to operate the programs. Fundraising expenses relate to the cost of accumulating contributions.

Allocated indirect expenditures include salaries and related payroll expenses, which are allocated on the basis of estimates of time and effort. The indirect labor hours cost pool serves as the basis for allocating all other indirect costs.

Income taxes --- The Organization is a not-for-profit organization described under Section 501(c)(3) of the Internal Revenue Code ("I.R.C.") and is therefore exempt from federal income taxes under Section 501(a) of the I.R.C. The Organization is also exempt under Title 15 of the State of New Jersey *Corporations and Associations Not for Profit Act*. Accordingly, no provision for Federal or State income taxes has been presented in the accompanying financial statements.

The Organization adheres to FASB ASC Topic 740, *Income Taxes*, which provides guidance and clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. For the years ended December 31, 2020 and 2019, the Organization has no material uncertain tax positions to be accounted for in the financial statements.

HEALING THE CHILDREN NEW JERSEY, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (CONT.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Income taxes (cont.) --- Annually, the Organization files an informational return with the United States Internal Revenue Service. The Organization also files an annual charitable registration with the State of New Jersey, Division of Consumer Affairs. All required tax returns have been filed. The Organization is subject to tax examinations generally within three years from the latest filing date.

Use of estimates --- The preparation of financial statements in conformity 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. Accordingly, actual results could differ from those estimates.

Reclassifications --- Certain amounts from prior year financial statements have been reclassified to conform to current year presentation.

Prior year summarized information --- The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Management evaluation --- Management has evaluated subsequent events through November 14, 2021, the date on which the financial statements were available to be issued, and have determined that except as detailed in Note 12, there are no subsequent events that require disclosure.

3. RELATED PARTY TRANSACTIONS (AFFILIATE ORGANIZATIONS)

National dues and donations --- The Organization pays annual dues and contributions to the projects of the national affiliate, Healing the Children National. The Organization paid dues to the affiliate of \$1,000 and \$4,150 for the years ended December 31, 2020 and 2019, respectively.

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following at December 31, 2020 and 2019:

	2020	2019
Net unconditional promises to give	\$ 8,983	\$ 6,177
	2020	2019
<i>Amounts due:</i>		
Less than one year	\$ 8,983	\$ 6,177
Unconditional promises to give, net	\$ 8,983	\$ 6,177

HEALING THE CHILDREN NEW JERSEY, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (CONT.)

5. INVESTMENTS

The cost basis and estimated fair value of investments held as available for sale by the Organization at December 31, 2020 and 2019 are as follows:

<u>December 31, 2020</u>	<u>Cost</u>	<u>Unrealized Holdings Gains</u>	<u>Unrealized Holdings Losses</u>	<u>Fair Value</u>
Mutual Funds	<u>\$ 60,824</u>	<u>\$ 2,018</u>	<u>\$ 512</u>	<u>\$ 62,330</u>

<u>December 31, 2019</u>	<u>Cost</u>	<u>Unrealized Holdings Gains</u>	<u>Unrealized Holdings Losses</u>	<u>Fair Value</u>
Mutual Funds	<u>\$ 22,675</u>	<u>\$ 957</u>	<u>\$ 444</u>	<u>\$ 23,188</u>

The composition of investment returns included in all funds in the statements of activities for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 638	\$ 756
Realized gains	5,197	367
Change in net unrealized gains	<u>3,510</u>	<u>1,593</u>
Total	<u>\$ 9,345</u>	<u>\$ 2,716</u>

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs.

The following are descriptions of the valuation techniques applied to the Organization's major categories of assets measured at fair value on a recurring basis:

Mutual Funds: Investments traded in an active market for which daily closing prices are measured primarily on a net asset value basis.

The following table presents the Organization's financial assets which are measured and recorded at fair value on a recurring basis. All investments are in active markets and have been assessed by management as level 1 securities.

HEALING THE CHILDREN NEW JERSEY, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (CONT.)

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT.)

	<u>2020</u>	<u>2019</u>
Available for sale securities		
Mutual Funds:		
Short-term bonds	\$ 48,150	\$ 10,481
Multisector bonds	<u>14,180</u>	<u>12,707</u>
Total	<u>\$ 62,330</u>	<u>\$ 23,188</u>

7. PROPERTY AND EQUIPMENT

A summary of the Organization's property and equipment as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 184,791	\$ 184,791
Land	33,900	33,900
Office furniture and fixtures	29,111	29,111
Medical equipment	<u>60,651</u>	<u>60,651</u>
	308,453	308,453
Less: accumulated depreciation	<u>168,706</u>	<u>160,407</u>
Total	<u>\$ 139,747</u>	<u>\$ 148,046</u>

Depreciation expense for the years ended December 31, 2020 and 2019 amounted to \$8,299 and \$10,050 respectively.

8. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
Mortgage payable to Columbia Bank bearing interest at 4.75%, payable in monthly payments, including interest, of \$643 for 10 years and a balloon payment due September 1, 2022, collateralized by the office building in Hawthorne, NJ.	\$ 69,104	\$ 73,322
Less: current portion	<u>4,498</u>	<u>4,287</u>
Long term portion	<u>\$ 64,606</u>	<u>\$ 69,035</u>

The required future principal payments are as follows:

2021	\$ 4,498
2022	<u>64,606</u>
	<u>\$ 69,104</u>

HEALING THE CHILDREN NEW JERSEY, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (CONT.)

9. PAYCHECK PROTECTION PROGRAM LOAN

In April, 2020, the Organization obtained a Paycheck Protection Program loan in the amount of \$23,345, pursuant to the terms of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") enacted March 27, 2020.

So long as the Organization incurs certain qualifying expenses, they may apply for the loan to be forgiven by the Small Business Administration ("SBA") in whole or in part. Unless otherwise forgiven, the loan is due April, 2025. Interest is specified at a rate of 1%. The funding is uncollateralized. Subsequent to year-end, management applied for and received full forgiveness on the loan (detailed in Note 14).

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes:

	2020	2019
Nurse's recognition award	\$ 22,500	\$ 22,500
Medical mission to Ecuador	10,000	-
Medical trips	15,006	15,006
Total net assets with donor restrictions	\$ 47,506	\$ 37,506

In December 2001, an endowment of \$23,000 was established to fund an annual nurse's recognition award.

Net assets were released from net assets with donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	2020	2019
Medical trips	\$ -	\$ 27,265
Nurse of the year award	-	500
Total restrictions released	\$ -	\$ 27,765

11. NON-CASH CONTRIBUTIONS

During the years ended December 31, 2020 and 2019, the Organization was provided with volunteer services of skilled doctors and nurses, donated hospital care, and host family expenditures valued at \$35,200 and \$1,116,512 respectively. The value of contributed medical services was determined by the following methods: For procedures performed by the medical teams abroad, the value was determined based upon Medicare rates for the procedures performed and the actual cost as provided by receipts of airfare and medical supplies. For the international inbound program, the Organization obtained a value for the medical care from the participating doctors and hospitals for each case.

HEALING THE CHILDREN NEW JERSEY, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (CONT.)

12. CONCENTRATIONS OF CREDIT RISK

Arising from cash deposits in excess of insured limits --- The Organization maintains the majority of its cash accounts in two financial institutions located in northern New Jersey. During the year, cash balances can exceed federally insured limits of \$250,000. Management believes that the Organization has no significant risk of loss on these amounts due to the failure of the institutions.

Funding dependence --- All of the funding for the Organization comes from donor assistance. This funding is dependent upon monies from individuals and other nonprofits or foundations, accordingly there is no guarantee that such funding will continue.

13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management anticipates meeting general expenditures within one year of the date of the statement of financial position through contributions and fundraising activities.

The following reflects the Organization's financial assets as of the balance sheet dates, reduced by amounts not available for general use (i.e. prepaid expenses):

	2020	2019
Financial assets at year-end	\$ 232,568	\$ 261,148
Less those unavailable for general expenditures within one year, due to:		
Prepaid expenses	-	7,104
Donor-restricted grant agreement	47,506	37,506
Financial assets available to meet cash needs for general expenditure within one year	\$ 185,062	\$ 216,538

14. SUBSEQUENT EVENT

Paycheck Protection Program --- On February 19, 2021, the Organization obtained a second Paycheck Protection Program loan in the amount of \$17,755, pursuant to the terms of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") enacted March 27, 2020. So long as the Organization incurs certain qualifying expenses, they may apply for the loan to be forgiven by the Small Business Administration ("SBA") in whole or in part. Unless otherwise forgiven, the loan is due February, 2026. Interest is specified at a rate of 1%. The funding is uncollateralized.

Paycheck Protection Program Forgiveness --- On March 11, 2021, management applied for and received forgiveness of \$23,345 on the paycheck protection program loan detailed in Note 9.

HEALING THE CHILDREN NEW JERSEY, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (CONT.)

14. SUBSEQUENT EVENT (cont.)

COVID-19 --- The Organization is evaluating the impact of COVID-19 and its pervasive impact to the overall economy and has determined it cannot reasonably estimate the financial impact, if any, on its operations, assets, and material accounting estimates at this time.