

A HEALTHIER DEMOCRACY

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021



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The report accompanying this deliverable was issued
by Warren Averett, LLC.

**A HEALTHIER DEMOCRACY
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DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
A Healthier Democracy

Opinion

We have audited the accompanying financial statements of A Healthier Democracy (the Organization), which comprise the statements of financial position as of December 31, 2022, and 2021, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2022 and the period from January 29, 2021 (inception) to December 31, 2021, 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 the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year ended December 31, 2022 and the period from January 29, 2021 to December 31, 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 audits.
- 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 audits 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 Organization'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 Organization'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 audits, significant audit findings and certain internal control related matters that we identified during the audits.

Warren Averett, LLC

Atlanta, Georgia
November 14, 2023

**A HEALTHIER DEMOCRACY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

ASSETS		
	2022	2021
Cash	\$ 1,002,570	\$ 1,256,565
Grants and contributions receivable	1,086,266	-
TOTAL ASSETS	\$ 2,088,836	\$ 1,256,565
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 35,182	\$ 18,318
Total liabilities	35,182	18,318
NET ASSETS		
Without donor restrictions	933,654	1,238,247
With donor restrictions	1,120,000	-
Total net assets	2,053,654	1,238,247
TOTAL LIABILITIES AND NET ASSETS	\$ 2,088,836	\$ 1,256,565

See notes to the financial statements.

**A HEALTHIER DEMOCRACY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**
(with comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 2,052,581	\$ 1,120,000	\$ 3,172,581	\$ 2,122,438
Civic Health Fellowship fees	12,060	-	12,060	9,450
Fees for custom badges and lanyards	2,688	-	2,688	2,599
TOTAL SUPPORT AND REVENUE	2,067,329	1,120,000	3,187,329	2,134,487
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of restrictions	-	-	-	-
EXPENSES				
Program expenses	2,206,196	-	2,206,196	801,508
Management and general	48,876	-	48,876	33,965
Fundraising	116,850	-	116,850	60,767
TOTAL EXPENSES	2,371,922	-	2,371,922	896,240
CHANGE IN NET ASSETS	(304,593)	1,120,000	815,407	1,238,247
NET ASSETS AT:				
BEGINNING OF YEAR	1,238,247	-	1,238,247	-
END OF YEAR	\$ 933,654	\$ 1,120,000	\$ 2,053,654	\$ 1,238,247

See notes to the financial statements.

**A HEALTHIER DEMOCRACY
STATEMENT OF ACTIVITIES
FOR THE PERIOD JANUARY 29, 2021 TO DECEMBER 31, 2021**

SUPPORT AND REVENUE

Contributions	\$ 2,122,438
Civic Health Fellowship fees	9,450
Fees for custom badges and lanyards	<u>2,599</u>

TOTAL SUPPORT AND REVENUE

2,134,487

EXPENSES

Program expenses	801,508
Management and general	33,965
Fundraising	<u>60,767</u>

TOTAL EXPENSES

896,240

CHANGE IN NET ASSETS

1,238,247

NET ASSETS AT:

BEGINNING OF PERIOD

-

END OF PERIOD

\$ 1,238,247

See notes to the financial statements.

**A HEALTHIER DEMOCRACY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**
(with comparative totals for 2021)

	2022						2021
	Vot-ER	Program GOTVax	Total	Management and General	Fundraising	Total	
Salaries and benefits	\$ 1,000,990	\$ -	\$ 1,000,990	\$ -	\$ -	\$ 1,000,990	\$ 162,809
Contract labor	588,971	42,318	631,289	-	116,850	748,139	585,412
Contributions to other organizations	224,000	-	224,000	-	-	224,000	-
Printing	178,970	791	179,761	-	-	179,761	38,991
Software	52,653	3,929	56,582	1,507	-	58,089	37,669
Accounting	20,753	-	20,753	28,487	-	49,240	10,080
Travel	23,784	861	24,645	-	-	24,645	19,723
Postage and shipping	21,080	11	21,091	-	-	21,091	-
Legal and professional	7,947	916	8,863	2,519	-	11,382	5,757
Advertising	11,023	-	11,023	-	-	11,023	15,690
Meals and entertainment	4,012	-	4,012	-	-	4,012	4,377
Communications	3,719	-	3,719	-	-	3,719	3,460
Supplies	2,010	-	2,010	-	-	2,010	4,003
Other	17,458	-	17,458	16,363	-	33,821	8,269
TOTAL EXPENSES	\$ 2,157,370	\$ 48,826	\$ 2,206,196	\$ 48,876	\$ 116,850	\$ 2,371,922	\$ 896,240

See notes to the financial statements.

**A HEALTHIER DEMOCRACY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD JANUARY 29, 2021 TO DECEMBER 31, 2021**

	<u>Vot-ER</u>	<u>Program GOTVax</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Contract labor	\$ 99,885	\$ 423,015	\$ 522,900	\$ 9,012	\$ 53,500	\$ 585,412
Salaries and benefits	68,071	88,366	156,437	6,372	-	162,809
Printing	7,149	31,842	38,991	-	-	38,991
Software	20,180	8,303	28,483	1,919	7,267	37,669
Travel	4,396	14,937	19,333	390	-	19,723
Advertising	1,200	14,490	15,690	-	-	15,690
Accounting	1,687	1,200	2,887	7,193	-	10,080
Legal and professional	-	-	-	5,757	-	5,757
Meals and entertainment	1,094	2,519	3,613	764	-	4,377
Supplies	476	3,527	4,003	-	-	4,003
Communications	3,460	-	3,460	-	-	3,460
Other	1,714	3,997	5,711	2,558	-	8,269
TOTAL EXPENSES	<u>\$ 209,312</u>	<u>\$ 592,196</u>	<u>\$ 801,508</u>	<u>\$ 33,965</u>	<u>\$ 60,767</u>	<u>\$ 896,240</u>

See notes to the financial statements.

**A HEALTHIER DEMOCRACY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND THE PERIOD
JANUARY 29, 2021 TO DECEMBER 31, 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 815,407	\$ 1,238,247
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities:		
Changes in assets and liabilities:		
Increase in grants and contributions receivable	(1,086,266)	-
Increase in accounts payable and other accruals	<u>16,864</u>	<u>18,318</u>
Net cash (used in) provided by operating activities	<u>(253,995)</u>	<u>1,256,565</u>
NET (DECREASE) INCREASE IN CASH	(253,995)	1,256,565
CASH AT BEGINNING OF YEAR	<u>1,256,565</u>	<u>-</u>
CASH AT END OF YEAR	<u><u>\$ 1,002,570</u></u>	<u><u>\$ 1,256,565</u></u>

See notes to the financial statements.

**A HEALTHIER DEMOCRACY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

1. ORGANIZATION

A Healthier Democracy (the Organization), a Massachusetts not-for-profit organization, was incorporated on January 29, 2021. In July 2022, the Organization changed its name from Vot-ER, Inc. to A Healthier Democracy, Inc. The Organization works to build a path to voter access within America's healthcare system. The Organization connects healthcare institutions and providers with the tools, training and community to promote civic engagement and create healthier communities across the United States. The Organization views hospitals and community health clinics as central touchpoints in communities – much like schools, DMVs and libraries – where citizens should consider their civic health as well as their physical and mental health. In addition to providing a range of healthcare-specific resources to hospitals, clinics and healthcare providers, the Organization also develops leaders through its Civic Health Fellowship and builds community through the national Civic Health Month initiative which takes place every August. GOTVax is a program managed by the Organization that delivers vaccines to doorsteps and assists community members with online vaccine site registration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities at year-end. Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.

Contributions and Revenue Recognition

Contributions are recorded and presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities Revenue Recognition*. Contributions are recorded as increases in net assets when pledged. Cash or other assets received that have not been pledged are recognized as increases in net assets when received. Non-cash contributions are recorded at fair value on the date of contribution. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements. Pledges to be received in future periods are reported as increases in net assets with donor restrictions. There were no donor-restricted contributions received during the period January 29, 2021 to December 31, 2021.

The Organization receives fees for services (Civic Health Fellowship fees) and for printing of custom materials (organization-specific Vot-ER badges and lanyards). Revenue from these fees is recorded as services or kits are delivered.

**A HEALTHIER DEMOCRACY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions and Revenue Recognition – Continued

The Organization uses the allowance method to determine the uncollectible receivables. The allowance is based on management's analysis of specific receivables. No allowance was deemed necessary at December 31, 2022 or 2021.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash. The Organization maintains balances with a bank in excess of federally insured limits. The Organization's uninsured cash balance was approximately \$749,000 and \$1,012,000 at December 31, 2022 and 2021, respectively.

As of December 31, 2022, 98% of grants and contributions receivable related to two donors and 44% of the Organizations contributions were attributable to two donors. In 2021, 61% of the Organizations contributions were attributable to three donors.

Fair Value of Financial Instruments

Financial instruments, primarily cash and accounts payable are reported at values which the Organization believes are not significantly different from fair value.

Income Taxes

The Organization is exempt from income taxes under section 501(c)3 of the U.S. Internal Revenue Code (IRC) and is classified as an organization which is not a private foundation under section 509(a) of the IRC.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs have been allocated based on estimates of time and effort.

Right-of-Use Assets and Lease Liabilities

Effective January 1, 2022, the Organization adopted FASB ASC Topic 842, *Leases* (Topic 842). Under Topic 842, a lessee is required to recognize a lease liability and a right-of-use lease asset on the statements of financial position.

The Organization does not have agreements that fit the definition of a lease; therefore, there is no requirement to record right-of-use assets or lease liabilities under Topic 842.

**A HEALTHIER DEMOCRACY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Events Occurring After Report Date

Management has evaluated events and transactions that occurred between December 31, 2022 and November 14, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at December 31, 2022 are due to be received in the following years:

2023	\$ 560,000
2024	<u>560,000</u>
	1,120,000
Less unamortized discount	<u>(33,734)</u>
Total grants and contributions receivable	<u><u>\$ 1,086,266</u></u>

Grants and contributions receivable with due dates extending beyond one year are discounted using Treasury bill rates for similar term investments. The applicable rate at December 31, 2022 was 6%.

4. NET ASSETS

Net assets with donor restrictions at December 31, 2022 are time restricted in line with the related grants and contributions receivable as detailed in Note 3.

No net assets with donor restrictions were released during the year ended December 31, 2022.

**A HEALTHIER DEMOCRACY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

5. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,002,570	\$ 1,256,565
Current portion of receivables	<u>560,000</u>	<u>-</u>
Financial assets, at year end	<u>1,562,570</u>	<u>1,256,565</u>
Less: Assets unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	1,120,000	-
Adjusted for: long-term receivables	<u>(560,000)</u>	<u>-</u>
	<u>560,000</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,002,570</u></u>	<u><u>\$ 1,256,565</u></u>

The Organization is substantially supported by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year. 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.