

**ELDERHEART, INC.**  
**(d/b/a Mission 22)**  
**Financial Statements**  
**Years Ended December 31, 2019 and 2018**

**ELDERHEART, INC.  
(d/b/a Mission 22)**

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## Independent Auditor's Report

**To the Board of Directors  
ELDERHEART, INC.  
(d/b/a Mission 22)  
Nashville, Indiana**

We have audited the accompanying financial statements of ELDERHEART, INC. (d/b/a Mission 22) (a nonprofit organization), which comprise the statements of assets, liabilities and net assets - cash basis as of December 31, 2019 and 2018, and the related statements of support, revenues and expenses - cash basis for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting as described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of ELDERHEART, INC. (d/b/a Mission 22), as of December 31, 2019 and 2018, and its support, revenues and expenses for the years then ended in accordance with the cash basis of accounting as described in Note A.

**Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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.

A handwritten signature in black ink that reads "Somerset CPAs, PC". The signature is written in a cursive, flowing style.

Indianapolis, Indiana  
December 18, 2020

**ELDERHEART, INC.**  
**(d/b/a Mission 22)**  
**Statements of Assets, Liabilities and Net Assets - Cash Basis**  
**December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 1,463,593	\$ 756,658
Total Current Assets	\$ 1,463,593	\$ 756,658
<b>Net Assets</b>		
<b>Net Assets</b>		
Net assets without donor restrictions	\$ 1,463,593	\$ 756,658
Total Net Assets	\$ 1,463,593	\$ 756,658

See accompanying notes.

**ELDERHEART, INC.**  
**(d/b/a Mission 22)**  
**Statement of Support, Revenues and Expenses - Cash Basis**  
**For the Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenues</b>			
Contributions	\$ 2,447,484	\$ 0	\$ 2,447,484
Merchandise Sales, net	(1,080)	0	(1,080)
	<u>2,446,404</u>	<u>0</u>	<u>2,446,404</u>
<b>Expenses</b>			
Programs			
Veterans	694,175	0	694,175
Memorials	57,147	0	57,147
Social impact	777,684	0	777,684
General and Administrative	210,463	0	210,463
	<u>1,739,469</u>	<u>0</u>	<u>1,739,469</u>
<b>Change in Net Assets</b>	706,935	0	706,935
Net Assets, Beginning of Year	<u>756,658</u>	<u>0</u>	<u>756,658</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,463,593</u>	<u>\$ 0</u>	<u>\$ 1,463,593</u>

See accompanying notes.

**ELDERHEART, INC.**  
**(d/b/a Mission 22)**  
**Statement of Support, Revenues and Expenses - Cash Basis**  
**For the Year Ended December 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenues</b>			
Contributions	\$ 1,646,287	\$ 0	\$ 1,646,287
Merchandise Sales, net	(13,108)	0	(13,108)
	<u>1,633,179</u>	<u>0</u>	<u>1,633,179</u>
<b>Expenses</b>			
Programs			
Veterans	409,509	0	409,509
Memorials	58,713	0	58,713
Social impact	618,289	0	618,289
General and Administrative	166,134	0	166,134
	<u>1,252,645</u>	<u>0</u>	<u>1,252,645</u>
	380,534	0	380,534
<b>Change in Net Assets</b>			
Net Assets, Beginning of Year	<u>376,124</u>	<u>0</u>	<u>376,124</u>
<b>Net Assets, End of Year</b>	<u>\$ 756,658</u>	<u>\$ 0</u>	<u>\$ 756,658</u>

See accompanying notes.

**ELDERHEART, INC.**  
**(d/b/a Mission 22)**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note A - Nature of Organization and Summary of Significant Accounting Policies:**

**Nature of the Organization**

ElderHeart Inc. (d/b/a Mission 22) (the Organization), is an Indiana not-for-profit organization located in Nashville, Indiana. The Organization was founded and organized on November 3, 2003. The Organization's mission is to provide funding for veterans to receive treatment for Post-Traumatic Stress, Traumatic Brain Injury and other issues they may be facing.

**Basis of Presentation**

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements. Noncash transactions are not recognized in the financial statements.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*With donor restrictions:* Net assets subject to donor-imposed stipulations that require they be maintained permanently or that may or will be met by actions of the Organization and/or passage of time. Generally, the donors of these assets permit use of all or part of the income earned on related investments for general or specific purposes.

*Without donor restrictions:* Net assets not subject to donor-imposed stipulations.

**Revenue Recognition**

*Contributions* - The Organization operates primarily on contributions from the public. Gifts of cash and other assets are recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions.

*Merchandise Sales* - The Organization's merchandise sales revenue is recognized when funds have been made available for withdrawal or deposited into the Organization's financial institution. In accordance with the basis of presentation described above, purchases of merchandise for resale are expensed at the time of purchase, as such no inventory has been recorded on the Statements of Assets, Liabilities and Net Assets - Cash Basis.

**Cash and Cash Equivalents**

The Organization considers all highly liquid instruments purchased within three months or less of an instrument's original maturity date to be cash and cash equivalents.

**ELDERHEART, INC.**  
**(d/b/a Mission 22)**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note A - Nature of Organization and Summary of Significant Accounting Policies (Continued):**

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and application state law.

**Advertising Costs**

The Organization expenses advertising costs as paid. Advertising costs for the Organization consisted primarily of internet and print media, promotional and educational brochures. For the years ended December 31, 2019 and 2018, advertising costs amounted to \$68,487 and \$61,104, respectively.

**Expense Allocation**

The costs of providing various programs and activities have been summarized on a functional basis in the statements of support, revenues and expenses. Accordingly, certain costs have been allocated among the programs based on the percentage of hours devoted to a program to total staff hours.

**Note B - Merchandise Sales:**

Detail for merchandise sales for the years ended December 31, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Merchandise sales	\$ 341,268	\$ 270,756
Less: purchases	342,348	283,864
	<u>                    </u>	<u>                    </u>
Merchandise sales, net	<u>\$ (1,080)</u>	<u>\$ (13,108)</u>

**Note C - Related Party Transactions:**

The Organization leases certain office space from employees within the Organization. Total rent expense paid to related parties for the years ended December 31, 2019 and 2018, was \$22,820.

**Note D - Operating Lease Commitments:**

In July 2018, the Organization signed a 41-month lease for certain office space. The lease requires monthly lease payments of \$1,950 through December 2019. The monthly lease payment increases annually through the term of the lease which expires in December 2021. In addition to base monthly rent, the agreement requires the Organization to pay its proportionate share of real estate taxes, insurance and common area maintenance expenses. Rent expense under the agreement amounted to \$23,400 and \$11,600 for the years ended December 31, 2019 and 2018, respectively.

**ELDERHEART, INC.**  
**(d/b/a Mission 22)**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note D - Operating Lease Commitments (Continued):**

In January 2018, the Organization signed a 24-month lease with a related party for certain office space. The lease requires monthly lease payments of \$165. The lease expired in December 2019. Rent expense under terms of this agreement amounted to \$1,980 for the years ended December 31, 2019 and 2018.

In January 2018, the Organization signed a 24-month lease with a related party for certain office space. The lease requires monthly lease payments of \$395. The lease expired in December 2019. Rent expense under terms of this agreement amounted to \$4,736 for the years ended December 31, 2019 and 2018.

In July 2019, the Organization signed a 36-month lease for certain office space. The lease requires monthly lease payments of \$4,682 through July 2020. The monthly lease payment increases annually through the term of the lease which expires July 2022. In addition to base monthly rent, the agreement requires the Organization to pay its proportionate share of real estate taxes, insurance and common area maintenance expenses. Rent expense under terms of this agreement amounted to \$23,410 for the year ended December 31, 2019.

Future minimum rental payments under these lease agreements are as follows:

<u><b>Year Ending December 31,</b></u>	
2020	\$ 81,004
2021	83,429
2022	<u>34,769</u>
	<u>\$ 199,202</u>

**Note E - Concentrations, Risks and Uncertainties:**

The Organization had one donor that accounted for approximately 15% of the Organization's total revenues for the year ended December 31, 2018.

The Organization has deposits in multiple accounts at one financial institution. At times, these deposits may exceed the federally insured limit. Management regularly monitors the financial condition of the banking institutions and believes that the credit risk related to such deposits is minimal.

**ELDERHEART, INC.**  
**(d/b/a Mission 22)**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note F - Management Evaluation of Subsequent Events:**

On January 20, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. Organization management is unable to estimate the full impact of the COVID-19 outbreak on the assets of the Organization at this time, as it continues to evolve as of the date of this report.

Subsequent to year end, the Organization obtained a Small Business Administration Paycheck Protection Program Loan for \$108,700 that bears interest at 1% and matures in April 2022. Initial loan payments are deferred for six months. After the deferment period, monthly principal and interest are due in an amount that fully pays off the outstanding balance by the maturity date. All or part of the loan may be forgiven if the borrower satisfies and complies with the terms and conditions as set forth in the agreement.

In June 2020, the Organization obtained a \$100,000 demand note. Borrowings under this note accrue interest at a floating rate of prime rate plus 2.36%. The note is secured by assets of the Organization.

The Organization has evaluated subsequent events through December 18, 2020, the date on which the financial statements were available to be issued.



## Independent Auditor's Report on the Supplementary Information

**To the Board of Directors  
ELDERHEART, INC.  
(d/b/a Mission 22)  
Nashville, Indiana**

Our report on our audits of the financial statements of ELDERHEART, INC. (d/b/a Mission 22), for the years ended December 31, 2019 and 2018, appears on page 1. Those audits were made for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying schedules of expenses - cash basis for the years ended December 31, 2019 and 2018, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Somerset CPAs, PC*

Indianapolis, Indiana  
December 18, 2020



**ELDERHEART, INC.**  
**(d/b/a Mission 22)**  
**Schedule of Expenses - Cash Basis**  
**For the Year Ended December 31, 2019**

	<u>Veterans</u>	<u>Memorials</u>	<u>Social Impact</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Total Expense</u>
Salaries and wages	\$ 126,592	\$ 31,437	\$ 278,075	\$ 436,104	\$ 22,194	\$ 458,298
Treatment	530,410	0	0	530,410	0	530,410
Travel	135	0	65,010	65,145	38	65,183
Professional fees	0	0	9,714	9,714	52,490	62,204
Advertising	0	0	68,487	68,487	0	68,487
Rent	9,096	4,311	12,002	25,409	46,499	71,908
Contracted services	0	13,459	80,577	94,036	0	94,036
Miscellaneous	0	0	10,146	10,146	44,178	54,324
Employee benefits	17,081	3,916	49,993	70,990	4,409	75,399
Conference and meetings	0	0	75,835	75,835	0	75,835
Payroll taxes	10,861	2,626	23,792	37,279	1,964	39,243
Supplies	0	509	54,411	54,920	19,359	74,279
Equipment and software	0	889	25,297	26,186	0	26,186
Service charges	0	0	0	0	1,398	1,398
Postage	0	0	15,510	15,510	0	15,510
Repairs and maintenance	0	0	5,046	5,046	0	5,046
Printing	0	0	3,789	3,789	0	3,789
Telephone	0	0	0	0	10,149	10,149
Insurance	0	0	0	0	3,988	3,988
Utilities	0	0	0	0	3,797	3,797
<b>Total</b>	<u>\$ 694,175</u>	<u>\$ 57,147</u>	<u>\$ 777,684</u>	<u>\$ 1,529,006</u>	<u>\$ 210,463</u>	<u>\$ 1,739,469</u>

**ELDERHEART, INC.**  
**(d/b/a Mission 22)**  
**Schedule of Expenses - Cash Basis**  
**For the Year Ended December 31, 2018**

	<u>Veterans</u>	<u>Memorials</u>	<u>Social Impact</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Total Expense</u>
Salaries and wages	\$ 83,225	\$ 38,683	\$ 233,564	\$ 355,472	\$ 15,381	\$ 370,853
Treatment	305,188	0	0	305,188	0	305,188
Travel	1,736	101	74,468	76,305	75	76,380
Professional fees	0	0	5,463	5,463	37,335	42,798
Advertising	0	0	55,470	55,470	5,634	61,104
Rent	4,838	4,651	11,026	20,515	34,556	55,071
Contracted services	0	4,000	38,385	42,385	0	42,385
Miscellaneous	0	0	0	0	31,525	31,525
Employee benefits	7,564	3,242	25,028	35,834	3,044	38,878
Conference and meetings	0	0	38,261	38,261	0	38,261
Payroll taxes	6,958	3,323	19,311	29,592	1,310	30,902
Supplies	0	449	24,562	25,011	10,422	35,433
Equipment and software	0	4,264	55,622	59,886	0	59,886
Service charges	0	0	0	0	13,817	13,817
Postage	0	0	12,968	12,968	0	12,968
Repairs and maintenance	0	0	11,678	11,678	0	11,678
Printing	0	0	12,483	12,483	0	12,483
Telephone	0	0	0	0	6,876	6,876
Insurance	0	0	0	0	4,664	4,664
Utilities	0	0	0	0	1,495	1,495
<b>Total</b>	<u>\$ 409,509</u>	<u>\$ 58,713</u>	<u>\$ 618,289</u>	<u>\$ 1,086,511</u>	<u>\$ 166,134</u>	<u>\$ 1,252,645</u>