

Heartland Health Research Alliance, LTD

Financial Statements

As of and for the years ended

December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Heartland Health Research Alliance, LTD.
Brookfield, Wisconsin

We have audited the accompanying financial statements of Heartland Health Research Alliance, LTD. (a nonprofit 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 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 these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes 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 these 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heartland Health Research Alliance, LTD. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Jendrach Accounting & Professional Services, LLC". The signature is written in a cursive, flowing style.

Jendrach Accounting & Professional Services, LLC
Greenfield, Wisconsin
June 27, 2023

Heartland Health Research Alliance, LTD
Statement of Financial Position
As of December 31, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Cash	\$ 2,588	\$ 249,427
Grants Receivable	<u>125,000</u>	<u>-</u>
Total Assets	\$ <u><u>127,588</u></u>	\$ <u><u>249,427</u></u>
 <u>Liabilities and Equity</u>		
Liabilities		
Accounts Payable	126,762	86,797
Payroll Liabilities	<u>871</u>	<u>11,990</u>
Total Liabilities	\$ <u>127,633</u>	\$ <u>98,787</u>
Net Assets	\$ <u>(45)</u>	\$ <u>150,640</u>
Total Liabilities and Equity	\$ <u><u>127,588</u></u>	\$ <u><u>249,427</u></u>

Heartland Health Research Alliance, LTD
Statement of Activity
January 1 - December 31, 2022 and 2021

<u>Revenue</u>	<u>2022</u>	<u>2021</u>
Contributions	\$ 78,272	\$ 12,956
Grants	642,537	1,132,463
Interest Income	12	26
Total Revenue	\$ 720,821	\$ 1,145,445
<u>Expenditures</u>		
Clinical Research	\$ 12,479	\$ 7,980
General and Administrative	27,026	16,564
Laboratory, Biosample Handling and Testing	63,871	68,018
Non - Clinical Partner Support and Extramural Research	259,097	320,007
Consultants	180,273	192,429
Staff Payroll	253,963	494,088
Publications, Conferences, Meetings, Training	12,269	9,522
Support Services	62,528	54,680
Total Expenditures	\$ 871,506	\$ 1,163,287
Net Revenue	\$ (150,685)	\$ (17,842)

Heartland Health Research Alliance, LTD
Statement of Cash Flows
January 1 - December 31, 2022 and 2021

OPERATING ACTIVITIES

	<u>2022</u>	<u>2021</u>
Net Revenue	\$ (150,685)	\$ (17,842)
Adjustments to reconcile Net Revenue to Net Cash provided by operations:		
Grants Receivable	(125,000)	-
Accounts Payable (A/P)	39,966	17,272
Payroll Liabilities	<u>(11,120)</u>	<u>11,990</u>
 Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	 <u>(96,154)</u>	 <u>29,262</u>
 Net cash provided by operating activities	 <u>(246,839)</u>	 <u>11,420</u>
 Net cash increase for period	 (246,839)	 11,420
 Cash at beginning of period	 <u>249,427</u>	 <u>238,007</u>
 Cash at end of period	 <u>\$ 2,588</u>	 <u>\$ 249,427</u>

Heartland Health Research Alliance, LTD.
Notes to Financial Statements
December 31, 2022

1. Description of Operations

Heartland Health Research Alliance (HH-RA), was organized on June 1, 2020 to promote cutting-edge science, systems, and policies impacting how food is grown and processed to enhance public health, environmental quality, and the well-being of workers and rural communities.

In furtherance of this mission, HH-RA:

- Helps plan, oversee, and fund cutting-edge clinical laboratory, and epidemiological research
- Foster innovation in the art and science of integrating research methods, analytical tools, and disciplinary expertise among scientists, doctors, and clinicians, and across research centers, hospitals, and laboratories in the United States and abroad
- Experiments with new models and methods to plan, conduct, fund, and oversee multi-disciplinary research driven by scientists and clinicians, rather than by the institutions they are currently affiliated with.

HH-RA is tax exempt under section 501 (C)(3) of the Internal Revenue Code.

2. Significant Accounting Policies

Following is a summary of the significant accounting policies of the Organization:

- a. The financial statements of the Organization have been prepared on the accrual basis of accounting.
- b. Property and equipment are recorded at cost, or if donated, at the fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.
- c. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the reporting period. Accordingly, actual results could differ from these estimates.
- d. The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

Heartland Health Research Alliance, LTD.

Notes to Financial Statements

December 31, 2022

- e. In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and subsequently issued clarifying ASUs 2015-14, 2016-08, 2016-10, 2016-12, 2017-13, 2019-08, and 2020-05 hereafter referred to as “the clarifying ASUs.” The provisions of ASU 2014-09 and the clarifying ASUs require an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The Organization adopted the new standard effective July 1, 2020 using the modified retrospective approach. Revenue subject to ASU 2014-09 (and accounting standard codification 606) on the statement of activities includes management fees – designated promises to give. This revenue is recognized at a point in time as designated pledges are received for the annual campaign. In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820)*. The provisions of the ASU modified the disclosure of fair value measurements requiring entities to add materiality as consideration for necessity of any singular disclosure requirement. The Organization adopted the new standard effective July 1, 2020 using the retrospective approach.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions Received and Made (Topic 958)*. The ASU clarifies whether transactions should be accounted for as contributions (nonreciprocal transaction within the scope of Topic 958) or exchanges (reciprocal transactions) subject to other guidance such as Topic 605. Additionally, the ASU assists in determining whether a contribution is conditional. The Organization adopted the provider provisions of the standard effective July 1, 2020 using the modified prospective approach.

- f. The Organization has evaluated subsequent events through June 27, 2023, the date which the financial statements were available to be issued.