



GLOBAL HEALING

GLOBAL HEALING

Financial Statements

With Independent Auditors' Report Thereon

*For the year ended
December 31, 2015*

GLOBAL HEALING

(A California Not-For-Profit Corporation)

December 31, 2015

About Us

Global Healing is an international nonprofit organization dedicated to improving access to high-quality health care in resource-constrained parts of the world. Global Healing aims for sustainable development of healthcare services, rather than short-term or emergency interventions. We have established medical programs in the fields of pediatrics, cardiac surgery, blood transfusion and laboratory medicine in Georgia, Armenia, Honduras, Dominica, Moldova, Haiti, Ukraine, and Vietnam.

Our Model

Global Healing works with all sectors of society: private businesses in the United States and abroad, local government, health-care providers, educators, and private citizens. Our objective is to facilitate sustainable improvements in access to lifesaving health care in the countries where we work. The volunteers who help to develop our programs and provide training and technical support to our partners, and the donations that provide needed medical equipment and operational funds, are the lifeblood of our work. We select our program activities based on medical need, public health impact, and the potential to create an enduring improvement in access to health care.

Our Promise

Global Healing's efforts are made possible by a group of caring individuals and dedicated organizations whose time and resources are highly valued by all beneficiaries. We realize that our success would not be possible without the many organizations and individuals who have come together over the years to serve and give. We will always execute our programs in a manner that is respectful of our volunteers and donors and the needs of the people whom we serve.

Board of Directors and Staff

Name	Office
Amy Cook	Chair
Carl Taibl	Chief Financial Officer
Eva Andres	Director
Alice J. Gruber, RN	Director
Dr. Sheila Jenkins	Director
Dr. Arup Roy-Burman	Director
James MacPherson	Director
John Donnelly	President

GLOBAL HEALING

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REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

GLOBAL HEALING

(A California Not-For-Profit Corporation)

December 31, 2015

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Global Healing

We have audited the accompanying financial statements of Global Healing (a nonprofit organization) which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities and changes in net assets, cash flows and functional expenses 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 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.

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 financial position of Global Healing as of December 31, 2015 and 2014 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have previously audited Global Healing's December 31, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 29, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Danville, California
May 29, 2015

Regalia & Associates

GLOBAL HEALING

**Statements of Financial Position
December 31, 2015 and 2014**

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 520,396	\$ 536,937
Investments	1,138,573	1,881,921
Grants and pledges receivable	23,934	48,332
Prepaid expenses and other assets	11,382	206
	<hr/>	<hr/>
Total current assets	1,694,285	2,467,396
	<hr/>	<hr/>
Non-current assets:		
Grants and pledges receivable, net	-	15,709
Loan receivable	1,000,000	500,000
	<hr/>	<hr/>
Total non-current assets	1,000,000	515,709
	<hr/>	<hr/>
	\$ 2,694,285	\$ 2,983,105
	<hr/>	<hr/>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,811	\$ 1,162
Accrued payroll liabilities	5,824	1,107
Grants payable	-	114,576
	<hr/>	<hr/>
Total current liabilities	7,635	116,845
	<hr/>	<hr/>
Net assets:		
Unrestricted	2,658,323	2,809,838
Temporarily restricted	28,327	56,422
	<hr/>	<hr/>
Total net assets	2,686,650	2,866,260
	<hr/>	<hr/>
	\$ 2,694,285	\$ 2,983,105
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GLOBAL HEALING

**Statements of Activities and Changes in Net Assets
Years Ended December 31, 2015 and 2014**

<i>Changes in unrestricted net assets:</i>	2015	2014
Revenue and support:		
Contributions and grants	\$ 65,483	\$ 79,798
Net assets released from restrictions	31,002	25,955
In-kind contributions	406,617	550,678
Interest and dividends	101,136	125,958
Realized investment gains (losses)	54,309	(42,287)
Unrealized investment gains (losses)	(84,480)	121,818
Fee for service income	7,258	32,239
Total revenue and support	581,325	894,159
Expenses:		
Program expenses	761,005	967,351
General and administrative	41,981	93,264
Fundraising	31,598	-
Total expenses	834,584	1,060,615
Reversal of approved grants	101,744	-
Decrease in unrestricted net assets	(151,515)	(166,456)
<i>Changes in temporarily restricted net assets:</i>		
Grants and contributions	1,950	-
Net assets released from restrictions	(31,002)	(25,955)
Change in discount on long-term receivables	957	971
Decrease in temporarily restricted net assets	(28,095)	(24,984)
Decrease in net assets	(179,610)	(191,440)
Net assets at beginning of year	2,866,260	3,057,700
Net assets at end of year	\$ 2,686,650	\$ 2,866,260

GLOBAL HEALING

**Statements of Cash Flows
Years Ended December 31, 2015 and 2014**

	2015	2014
<i>Operating activities:</i>		
Decrease in net assets	\$ (179,610)	\$ (191,440)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Change in discount on long-term receivables	(957)	(971)
Reversal of approved grants	(101,744)	-
Changes in:		
Grants receivable	41,064	18,335
Prepaid expenses and other assets	(11,176)	12,870
Loan receivable	(500,000)	-
Accounts payable and accrued liabilities	649	(1,350)
Accrued payroll liabilities	4,717	(578)
Grants payable	(12,832)	(34,265)
Cash used for operating activities	(759,889)	(197,399)
 <i>Investing activities:</i>		
Net proceeds from sale/reinvestment of investments	743,348	566,438
Cash provided by investing activities	743,348	566,438
Net increase (decrease) in cash and cash equivalents	(16,541)	369,039
Cash and cash equivalents at beginning of year	536,937	167,898
Cash and cash equivalents at end of year	\$ 520,396	\$ 536,937
 <i>Additional cash flow information:</i>		
State registration taxes paid	\$ 150	\$ 150
Interest and finance charges paid	\$ -	\$ -

GLOBAL HEALING

**Statement of Functional Expenses
Year Ended December 31, 2015**

(with comparative results for the year ended December 31, 2014)

	General and				
	Program	Admin-	Fund-	Total	Total
	Services	istrative	raising	2015	2014
Bank charges/processing fees	\$ 841	\$ 49	\$ 78	\$ 968	\$ 664
Education/Conferences	18,951	-	-	18,951	56,215
Freight	805	-	-	805	899
Insurance	5,637	893	-	6,530	10,137
Investment fees	16,930	4,317	-	21,247	27,472
Legal and professional	14,890	2,944	545	18,379	23,435
Medical programs	389,067	14,100	-	403,167	567,144
Miscellaneous	5,043	658	1,727	7,428	2,406
Occupancy	11,683	2,921	-	14,604	13,474
Postage	1,115	167	252	1,534	1,521
Printing	1,359	248	282	1,889	1,394
Salaries, wages and benefits	197,360	13,971	16,412	227,743	213,356
Supplies and office	12,025	801	521	13,347	5,430
Telephone and internet	4,381	428	-	4,809	5,248
Translation services	2,370	-	-	2,370	8,265
Travel, meals and lodging	78,548	484	11,781	90,813	120,045
Totals	\$ 761,005	\$ 41,981	\$ 31,598	\$ 834,584	\$ 1,060,615

Notes to Financial Statements
December 31, 2015 and 2014

1. Organization

Global Healing was established in 1994 as a California nonprofit corporation. Global Healing is dedicated to promoting health care reform in areas of the world where modern medical health care is not available. Global Healing aims for sustainable development of healthcare services, rather than short-term or emergency interventions.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Global Healing have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, Global Healing is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Global Healing has also adopted the provisions of ASC 958.320-45 regarding net asset classification of funds for organizations subject to UPMIFA (Uniform Prudent Management of Institutional Funds Act).

Support and Revenue Recognition

Global Healing records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions, donations and grants restricted by the donor for particular purposes are deemed to be earned and are reported as revenue and support when Global Healing has incurred expenditures in compliance with the specific restrictions. Such amounts received or receivable but not yet earned are included as temporarily restricted net assets on the statements of financial position.

Cash and Cash Equivalents

Global Healing considers all highly liquid investments with a maturity commitment of 90 days or less when acquired to be cash equivalents. Global Healing maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. Global Healing has not experienced any losses in such accounts.

Grants and Pledges Receivable

Grants and pledges receivable are recognized as unrestricted or temporarily restricted contributed revenue when the contractual obligation is received. It is Global Healing's policy that all receivables are reflected at estimated net realizable value.

(continued)

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included on the statements of activities and changes in net assets. Global Healing follows the provisions of ASC 958, *Fair Value Measurements and Disclosures* and has estimated the fair value of its investments using available market information and other valuation methodologies.

Accordingly, the estimates presented are not necessarily indicative of the amounts that Global Healing could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of December 31, 2015. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Global Healing's investment portfolio consists of a diverse mixture of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by ASC 958.320-45, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. There were no such funds at December 31, 2015.

Global Healing has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Although it had no permanently restricted investment funds at December 31, 2015, Global Healing will classify any permanently restricted net assets it receives at the original value of gifts donated to the permanent endowment. The original value of subsequent gifts to the permanent endowment and accumulations to the permanent endowment will be posted in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets will be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Global Healing in a manner consistent with the standard of prudence prescribed by SPMIFA.

Property and Equipment

It is the policy of Global Healing that property and equipment purchased will be stated at cost. Property and equipment donated to Global Healing is recorded at estimated fair value as of the date of the gift. Maintenance and repairs are charged to expense as incurred. Capitalized fixed assets will be depreciated using the straight-line method over the estimated useful lives of the assets.

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 liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Functional Allocation of Expenses

The costs of providing Global Healing’s various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, Global Healing is required to report information regarding its exposure to various tax positions taken by Global Healing and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that it has adequately evaluated its current tax positions and has concluded that as of December 31, 2015, Global Healing does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

Global Healing has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that Global Healing continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. Global Healing may periodically receive unrelated business income (such as sublease rental income) requiring Global Healing to file separate tax returns under federal and state statutes. Under such conditions, Global Healing calculates, accrues and remits the applicable taxes.

In-Kind Contributions

In-kind contributions are reflected at the fair value of the contribution received in accordance with ASC 958.605.30-11. The contributions of services, equipment, and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

3. Cash and Cash Equivalents and Concentration Risk

Cash and cash equivalents of \$520,396 and \$536,937 at December 31, 2015 and 2014 includes all funds in financial institution accounts with maturity dates of three months or less. At December 31, 2015, cash and cash equivalents exceeded the federally insured limit of \$250,000. Global Healing attempts to limit its credit risk associated with cash balances by utilizing financial institutions that are well capitalized and highly rated.

Notes to Financial Statements

4. Investments

Investments consist principally of deposits, securities, corporate stocks, mutual funds, and corporate bonds. Cost basis and fair value of investments are summarized as follows at December 31, 2015 and 2014:

	December 31, 2015		December 31, 2014	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Fixed income	\$ 248,000	\$ 246,593	\$ 100,206	\$ 100,206
Securities and corporate stocks	694,144	761,116	836,562	1,000,606
Mutual funds	136,337	130,864	701,982	681,509
Alternative investments	-	-	121,354	99,600
Totals	\$ 1,078,481	\$ 1,138,573	\$ 1,760,104	\$ 1,881,921

Net investment income (interest and dividends) amounted to \$59,067 and \$100,753 for the years ended December 31, 2015 and 2014, respectively. During the years ended December 31, 2015 and 2014, net unrealized gains (losses) amounted to (\$84,480) and \$121,818, respectively. Net realized gains (losses) amounted to \$54,309 and (\$42,287) for the years ended December 31, 2015 and 2014, respectively. Composition of investments utilizing fair value measurements at December 31, 2015 is as follows:

	Total	Level 1	Level 2	Level 3
Fixed income	\$ 246,593	\$ 246,593	\$ -	\$ -
Securities and corporate stocks	761,116	761,116	-	-
Mutual funds	130,864	130,864	-	-
Alternative investments	-	-	-	-
Totals	\$ 1,138,573	\$ 1,138,573	\$ -	\$ -

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on "unobservable inputs," such as a company's own estimates and pricing models.

Assets Classified as Level 3:

Alternative investments consist of securities principally offered through a brokerage prospectus and thus carry a higher level of risk than more traditional publicly-traded securities. The significant unobservable input used in the fair value measurement of the organization's alternative investments is based on the estimated value as determined by an outside investment firm. Global Healing had no investments classified as Level 3 at December 31, 2015.

Notes to Financial Statements**5. Loan Receivable**

On March 2, 2013, Global Healing loaned \$1,000,000 to the Jo-Ann Medical Center, a modern pediatric cardiac diagnosis, surgery and treatment center located in Tbilisi, Georgia. The loan bears interest at the fixed rate of 5.0% per annum, matures March 11, 2018, and is secured by a lien and security interest in the Medical Center. Accrued interest payments are receivable on June 30 and December 30 of each year. Included in interest and dividend income on the statements of activities and changes in net assets is \$42,069 and \$25,205 from the loan for the years ended December 31, 2015 and 2014, respectively.

6. Grants and Pledges Receivable

Grants and pledges receivable of \$23,934 and \$48,332 at December 31, 2015 and 2014, respectively, represent amounts due from foundations and are due within the next fiscal year. Global Healing uses the direct write-off method with regards to receivables deemed uncollectible. During the years ended December 31, 2015 and 2014, Global Healing recognized no bad debts. Management has evaluated the receivables as of December 31, 2015 and determined that such amounts are fully collectible based on the financial strength of the donors involved.

The change in the value of the long-term receivables during the years ended December 31, 2015 and 2014 amounted to \$957 and \$971, respectively, and is reflected as a component of income affecting the temporarily restricted net assets on the statements of activities and changes in net assets.

7. Grants Payable

Grants payable of \$114,576 at December 31, 2014 consist of funds approved by Global Healing's Board of Directors for medical programs earmarked for disbursement during the subsequent fiscal year. During the year ended December 31, 2015, the Board of Directors reversed its approval of \$101,744 in grants payable and this adjustment has been reflected as an increase in unrestricted net assets on the statements of activities and changes in net assets.

8. Lease

Global Healing leases its corporate office facility under a month-to-month agreement which requires a rental payment of \$1,217 as of December 31, 2015. Global Healing is responsible for its share of utilities and common area maintenance expenses. Total rent expense amounted to \$14,604 and \$13,474 for the years ended December 31, 2015 and 2014, respectively. In March 2016, Global Healing signed a lease for a larger office facility committing the organization to remit \$2,250 per month through March 31, 2017.

Notes to Financial Statements

9. In-Kind Contributions

During the years ended December 31, 2015 and 2014, Global Healing was the recipient of a substantial amount of in-kind contributions (principally services from medical professionals, medical equipment, and related supplies in connection with its worldwide medical advocacy programs). In accordance with ASC 958.605.30, Global Healing has determined that the estimated values of these goods and services amounted to \$406,617 and \$550,678 for the years ended December 31, 2015 and 2014, respectively. These amounts have been reflected as in-kind contributions on the statements of activities and changes in net assets.

10. Pension Plan

Global Healing offers eligible employees the opportunity to participate in a salary reduction retirement plan which is qualified under Internal Revenue Code Section 403(b). The company, in its sole discretion, may make non-elective contributions on employees' behalf. Employees must meet certain eligibility criteria in order to receive contributions. Employer contributions for the years ended December 31, 2015 and 2014 amounted to \$7,124 and \$15,476, respectively. Distributions from the 403(b) plan can only be made pursuant to all applicable laws and regulations.

11. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future funding agreements, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate Global Healing to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond Global Healing's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, including executive officers of the organization, and (d) Financial risks associated with funds on deposit in accounts at financial institutions. Certain of the grants and contracts (including current and prior costs) are subject to adjustment upon review and final acceptance by the granting agency. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements.

12. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, Global Healing has evaluated subsequent events through March 18, 2016, the date the financial statements were available to be issued. As disclosed in Note 8, Global Healing signed a lease in March 2016 for its current office facility committing the organization to remit \$2,250 per month through March 31, 2017. In the opinion of management, there are no other subsequent events which need to be disclosed.