



**GLOBAL HEALING**

# GLOBAL HEALING

## **Financial Statements**

**With Independent Auditors' Report Thereon**

*For the year ended  
December 31, 2017*

# GLOBAL HEALING

(A California Not-For-Profit Corporation)

December 31, 2017

## About Us

For more than 20 years, Global Healing has worked internationally to improve access to high-quality healthcare in resource-constrained parts of the world. We seek sustainable improvements in patient care with special emphasis on care for children and mothers, including cardiac surgery and transfusion medicine. We have conducted programs in Armenia, Dominica, Georgia, Haiti, Honduras, Moldova, Ukraine and Vietnam.

## Our Vision

A world where all children and mothers with life-threatening conditions are cared for by local, skilled healthcare professionals.

## Our Mission

Global Healing trains physicians, nurses, and medical laboratory professionals in lower income countries to implement current best practices for improved patient care.

## Our Values

1. We work to close the gap in access to healthcare between developed and developing nations.
2. We collaborate with local partners and medical experts to develop and implement our programs.
3. We create sustainable improvements in patient care by empowering local healthcare professionals to know, do, and teach current best practices.
4. We foster strong partnerships and open communication between our medical volunteers and program participants to support learning during and between training sessions.
5. We measure the impact of our programs both on the skills of our trainees and on the quality of care being provided.
6. We undertake only adequately funded and supported projects that can deliver the highest quality outcome to the people we serve.
7. We go above and beyond to avoid bureaucratic waste and ensure that our resources are used efficiently.
8. We recognize all who help us achieve our mission, and we value every contribution of money, time, talent, equipment, supplies, or influence, no matter how small or large.

## Board of Directors and Staff

Name	Office
James MacPherson	Chair
Carl Taibl	Chief Financial Officer
Alice J. Gruber, RN	Secretary
Simone Bennett	Director
Janis Cruz	Director
Valerie Delva	Director
Lori Gabrek	Director
Francesca Lamb	Director
Regina Leung	Director
David Marinoff	Director
Sumita Ray	Director
Dr. Arup Roy-Burman	Director
David Shoultz	Director
Elan Weiner	Director
John Donnelly	President

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**REGALIA & ASSOCIATES**  
CERTIFIED PUBLIC ACCOUNTANTS

# GLOBAL HEALING

(A California Not-For-Profit Corporation)

December 31, 2017

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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, 2017 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2017 and the changes in its net assets and its cash flows for the year 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, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

3rd Draft

Danville, California  
June 12, 2018

# GLOBAL HEALING

## Statements of Financial Position December 31, 2017 and 2016

### ASSETS

	2017	2016
Current assets:		
Cash and cash equivalents	\$ 38,332	\$ 53,885
Investments	1,380,692	1,442,364
Grants and pledges receivable, short term	26,690	17,516
Prepaid expenses and other assets	34,400	14,739
	<hr/>	<hr/>
Total current assets	1,480,114	1,528,504
	<hr/>	<hr/>
Non-current assets:		
Other non-current assets	2,650	2,450
Grants and pledges receivable, long-term	5,000	-
Loan receivable	1,000,000	1,000,000
	<hr/>	<hr/>
Total non-current assets	1,007,650	1,002,450
	<hr/>	<hr/>
	\$ 2,487,764	\$ 2,530,954
	<hr/>	<hr/>

### LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,994	\$ 9,219
Accrued payroll liabilities	6,472	9,258
	<hr/>	<hr/>
Total current liabilities	14,466	18,477
	<hr/>	<hr/>
Net assets:		
Unrestricted	2,414,680	2,481,468
Temporarily restricted	58,618	31,009
	<hr/>	<hr/>
Total net assets	2,473,298	2,512,477
	<hr/>	<hr/>
	\$ 2,487,764	\$ 2,530,954
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**GLOBAL HEALING**

**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2017**  
*(with comparative results for the year ended December 31, 2016)*

<i>Changes in unrestricted net assets:</i>	Temporarily		2017	2016
	Unrestricted	Restricted		
Revenue and support:				
Contributions and grants	\$ 46,822	\$ 80,875	\$ 127,697	\$ 42,911
Net assets released from restrictions	53,266	(53,266)	-	-
In-kind contributions	482,121	-	482,121	540,976
Interest and dividends	94,668	-	94,668	81,502
Realized investment gains	24,364	-	24,364	74,116
Unrealized investment gains (losses)	69,838	-	69,838	(38,391)
Fee for service income	17,950	-	17,950	-
Other Income	300	-	300	-
Total revenue and support	<b>789,329</b>	<b>27,609</b>	<b>816,938</b>	<b>701,114</b>
Expenses:				
Program expenses	615,687	-	615,687	689,498
General and administrative	200,004	-	200,004	136,682
Fundraising	40,426	-	40,426	49,107
Total expenses	<b>856,117</b>	<b>-</b>	<b>856,117</b>	<b>875,287</b>
Increase (decrease) in unrestricted net assets	<b>(66,788)</b>	<b>27,609</b>	<b>(39,179)</b>	<b>(174,173)</b>
Net assets at beginning of year	<b>2,481,468</b>	<b>31,009</b>	<b>2,512,477</b>	<b>2,686,650</b>
Net assets at end of year	<b>\$ 2,414,680</b>	<b>\$ 58,618</b>	<b>\$ 2,473,298</b>	<b>\$ 2,512,477</b>

## GLOBAL HEALING

### Statements of Cash Flows Years Ended December 31, 2017 and 2016

	2017	2016
<i>Operating activities:</i>		
Decrease in unrestricted net assets	\$ (39,179)	\$ (174,173)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Change in discount on long-term receivables	300	-
Unrealized investment (gains) losses	(69,838)	38,391
Changes in:		
Grants and pledges receivable	(14,474)	6,418
Prepaid expenses and other assets	(19,661)	(8,057)
Other non-current assets	(200)	2,250
Accounts payable and accrued liabilities	(1,225)	7,408
Accrued payroll liabilities	(2,786)	3,434
Cash used for operating activities	(147,063)	(124,329)
 <i>Investing activities:</i>		
Net proceeds from sale/reinvestment of investments	131,510	162,563
Cash provided by investing activities	131,510	162,563
Net increase (decrease) in cash and cash equivalents	(15,553)	38,234
Cash and cash equivalents at beginning of year	53,885	15,651
Cash and cash equivalents at end of year	\$ 38,332	\$ 53,885
 <i>Additional cash flow information:</i>		
State registration taxes paid	\$ 75	\$ 75
Interest and finance charges paid	\$ -	\$ -

## GLOBAL HEALING

### Statement of Functional Expenses

Year Ended December 31, 2017

*(with comparative results for the year ended December 31, 2016)*

	General and				
	Program	Admin-	Fund-	Total	Total
	Services	istrative	raising	2017	2016
Bank charges/processing fees	\$ 1,455	\$ 2,053	\$ 283	\$ 3,791	\$ 2,335
Donated professional services	-	116,900	13,350	130,250	77,678
Education/Conferences	36,543	800	855	38,198	18,045
Grant expenses	12,278	-	-	12,278	-
Freight	5,584	-	-	5,584	6,965
Insurance	4,358	1,620	185	6,163	6,144
Investment fees	-	5,514	5,701	11,215	8,001
Legal and professional	8,174	4,861	2,263	15,298	19,033
Medical programs and equipment	356,473	-	-	356,473	465,951
Miscellaneous	1,364	2,617	1,221	5,202	8,272
Occupancy	16,666	9,522	1,712	27,900	22,772
Postage	155	60	287	502	373
Printing	563	272	687	1,522	1,073
Salaries, wages and benefits	129,797	51,908	12,814	194,519	181,392
Supplies and office	2,012	1,415	873	4,300	5,075
Telephone and internet	3,072	511	92	3,675	3,809
Travel, meals and lodging	37,193	1,951	103	39,247	48,169
<b>Totals</b>	<b>\$ 615,687</b>	<b>\$ 200,004</b>	<b>\$ 40,426</b>	<b>\$ 856,117</b>	<b>\$ 875,287</b>

Notes to Financial Statements  
December 31, 2017 and 2016

**1. Organization**

Global Healing was established in 1994 as a California nonprofit corporation. Global Healing is dedicated to improving access to lifesaving medical care for children and mothers in low-resource countries.

**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, 2017 and 2016. 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, 2017 and 2016.

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, 2017 and 2016, 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.

*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.

*Reclassifications*

Certain reclassifications have been made to the 2016 financial statements in order to conform to the presentation used in 2017.

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, 2017 and 2016, 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 \$38,332 and \$53,885 at December 31, 2017 and 2016 includes all funds in financial institution accounts with maturity dates of three months or less. 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:

	December 31, 2017		December 31, 2016	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Money Market Funds	\$ 98,270	\$ 98,270	\$ 91,756	\$ 91,756
Fixed income	60,000	59,992	480,000	480,092
Securities and corporate stocks	419,883	492,260	363,931	387,887
Mutual funds	680,020	698,660	477,689	473,883
Exchange-traded and alternatives	32,359	31,510	8,667	8,746
Totals	<b>\$ 1,290,532</b>	<b>\$ 1,380,692</b>	<b>\$ 1,422,043</b>	<b>\$ 1,442,364</b>

Net investment income (interest and dividends) derived from investments amounted to \$44,698 and \$31,365 for the years ended December 31, 2017 and 2016, respectively. During the years ended December 31, 2017 and 2016, net unrealized gains (losses) amounted to \$69,838 and (\$38,391), respectively. Net realized gains amounted to \$24,364 and \$74,116 for the years ended December 31, 2017 and 2016, respectively.

**5. Grants and Pledges Receivable**

Grants and pledges receivable of \$31,690 and \$17,516 at December 31, 2017 and 2016, respectively, represent amounts due from individuals and foundations. Of the \$31,690 in grants and pledges receivable at December 31, 2017, a balance of \$5,000 is not scheduled to be received until after December 31, 2018 and has therefore been reflected as a non-current asset. The balance is stated at face value and has not been discounted to net present value because the discount is not material.

Global Healing uses the direct write-off method with regards to receivables deemed uncollectible. During the years ended December 31, 2017 and 2016, Global Healing recognized no bad debts. Management has evaluated the receivables as of December 31, 2017 and determined that such amounts are fully collectible based on the financial strength of the donors involved.

**6. 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 statement of activities and changes in net assets is \$49,970 and \$50,137 from the loan for the years ended December 31, 2017 and 2016, respectively.

**Notes to Financial Statements**

**7. Fair Value Measurements**

Composition of investments utilizing fair value measurements at December 31, 2017 is as follows:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money Market Funds	\$ 98,270	\$ 98,270	\$ -	\$ -
Fixed income	59,992	59,992	-	-
Securities and corporate stocks	492,260	492,260	-	-
Mutual funds	698,660	698,660	-	-
Exchange-traded and alternatives	31,510	31,510	-	-
Totals	<b>\$ 1,380,692</b>	<b>\$ 1,380,692</b>	<b>\$ -</b>	<b>\$ -</b>

Composition of investments utilizing fair value measurements at December 31, 2016 is as follows:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money Market Funds	\$ 91,756	\$ 91,756	\$ -	\$ -
Fixed income	480,092	480,092	-	-
Securities and corporate stocks	387,887	387,887	-	-
Mutual funds	473,883	473,883	-	-
Exchange-traded and alternatives	8,746	8,746	-	-
Totals	<b>\$ 1,442,364</b>	<b>\$ 1,442,364</b>	<b>\$ -</b>	<b>\$ -</b>

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.

**8. In-Kind Contributions**

During the years ended December 31, 2017 and 2016, 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 \$482,121 and \$540,976 for the years ended December 31, 2017 and 2016, respectively. These amounts have been reflected as in-kind contributions on the statement of activities and changes in net assets.

**Notes to Financial Statements**

**9. 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, 2017 and 2016 amounted to \$8,534 and \$8,034, respectively. Distributions from the 403(b) plan can only be made pursuant to all applicable laws and regulations.

**10. 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.

**11. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following as of December 31:

	2017	2016
Haiti	\$ 15,730	\$ 10,030
Vietnam	8,406	15,662
International Blood Safety Forum	-	2,450
Latin America Webinars	-	1,752
Roatan	34,482	1,000
Other	-	115
<b>Total</b>	<b>\$ 58,618</b>	<b>\$ 31,009</b>

During the years ended December 31, 2017 and 2016, contributions of temporarily restricted net assets amounted to \$80,875 and \$9,770, respectively. Temporarily restricted net assets released from restrictions amounted to \$53,266 and \$42,584 for the years ended December 31, 2017 and 2016, respectively.

Notes to Financial Statements

**12. Lease**

Global Healing leases its corporate office facility under a multi-year lease expiring March 31, 2019. Global Healing is responsible for its share of utilities and common area maintenance expenses. Total rent expense amounted to \$27,900 and \$22,772 for the years ended December 31, 2017 and 2016, respectively. At December 31, 2017, future minimum rental payments under the lease are as follows: Year ending December 31, 2018: \$29,100; and Year ending December 31, 2019: \$9,800.

**13. Subsequent Events**

In compliance with ASC 855, *Subsequent Events*, Global Healing has evaluated subsequent events through June 12, 2018, the date the financial statements were available to be issued.

On February 23, 2018, Global Healing signed an Amended and Restated Loan and Security Agreement with Jo-Ann Medical Center pursuant to the existing loan agreement dated March 11, 2013. See Note 6 for the details of the existing agreement. Global Healing agreed to extend the maturity date to March 11, 2028, and waive any accrued and unpaid interest owed, as well as any future interest incurred. Additionally, Global Healing has agreed that upon each annual principal payment of \$50,000 by Jo-Ann Medical Center, Global Healing shall reduce the principal balance by an equal amount of \$50,000 through debt forgiveness. These future loan reductions will be classified as charitable program expenses.

In the opinion of management, there are no other subsequent events which need to be disclosed.