

GLOBAL HEALING

(A California Not-For-Profit Corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2011

Global Healing

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Independent Auditor's Report

The Board of Directors
Global Healing

We have audited the accompanying statement of financial position of Global Healing (a California not-for-profit corporation) as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011 and the results of operation and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

San Leandro, California
November 1, 2012


Certified Public Accountants

GLOBAL HEALING

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2011

ASSETS

CURRENT ASSETS:

Cash	\$ 453,904
Bank notes (Note 3 and 4)	1,046,843
Equities (Note 3 and 4)	846,545
Mutual Funds (Note 3 and 4)	804,434
Alternative investments (Note 3 and 4)	278,655
Interest receivable	7,407
Prepaid expenses	<u>2,199</u>

TOTAL ASSETS \$3,439,987

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ 2,101
Grants payable	<u>297,021</u>

TOTAL LIABILITIES \$ 299,122

NET ASSETS:

Unrestricted	\$3,140,865
Temporarily restricted	0
Permanently restricted	<u>0</u>

TOTAL NET ASSETS \$3,140,865

TOTAL LIABILITIES AND NET ASSETS \$3,439,987

See notes to financial statements.

GLOBAL HEALING**STATEMENT OF ACTIVITIES****YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Donations	\$ 165,627	\$ 0	\$ 165,627
Donated services (Note 2)	456,793	0	456,793
Donated goods	29,349	0	29,349
Interest and dividend income	98,171	0	98,171
Unrealized gains	(193,350)	0	(193,350)
Realized gains	<u>48,078</u>	<u>0</u>	<u>48,078</u>
TOTAL PUBLIC SUPPORT AND REVENUE	\$ 604,668	\$ 0	\$ 604,668
EXPENSES:			
Program services	\$1,660,372	\$ 0	\$1,660,372
Management and general	68,009	0	68,009
Fundraising	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENSES	\$1,728,381	\$ 0	\$1,728,381
CHANGES IN NET ASSETS	(\$1,123,713)	\$ 0	(\$1,123,713)
NET ASSETS, January 1, 2011	<u>4,264,578</u>	<u>0</u>	<u>4,264,578</u>
NET ASSETS, December 31, 2011	<u>\$3,140,865</u>	<u>\$ 0</u>	<u>\$3,140,865</u>

See notes to financial statements.

GLOBAL HEALING**STATEMENT OF FUNCTIONAL EXPENSES****YEAR ENDED DECEMBER 31, 2011**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Printing	\$ 4,357	\$ 0	\$ 0	\$ 4,357
Postage	5,866	0	0	5,866
Educational campaign	30,094	0	0	30,094
Grant expense	811,965	0	0	811,965
Medical equipment and supplies	94,508	0	0	94,508
Meals and entertainment	9,449	832	0	10,281
Translation services	5,502	0	0	5,502
Organizational development	0	2,399	0	2,399
Donated services (Note 2)	456,793	0	0	456,793
Pension contribution	0	5,571	0	5,571
Supplies	3,178	0	0	3,178
Telephone	5,224	0	0	5,224
Office expense	0	6,361	0	6,361
Salaries	98,630	24,576	0	123,206
Payroll taxes	6,382	1,596	0	7,978
Rent	9,082	2,860	0	11,942
Investment fees	0	14,898	0	14,898
Conferences	910	0	0	910
Medical evacuation insurance	3,495	0	0	3,495
Accounting	0	2,569	0	2,569
Payroll fees	0	1,353	0	1,353
Travel	106,814	531	0	107,345
Insurance	4,732	3,692	0	8,424
Computer equipment	1,773	0	0	1,773
Miscellaneous	<u>1,618</u>	<u>771</u>	<u>0</u>	<u>2,389</u>
TOTAL EXPENSES	<u>\$1,660,372</u>	<u>\$68,009</u>	<u>\$ 0</u>	<u>\$1,728,381</u>

See notes to financial statements.

GLOBAL HEALING**STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets (Exhibit B)	(\$1,123,713)
Adjustments to reconcile change in net assets to cash used by operating activities:	
(Increase) decrease in:	
Interest receivable	\$ 5,112
Prepaid expenses	(1,199)
(Decrease) in:	
Accounts payable	(22,631)
Grants payable	<u>(95,229)</u>
	<u>(113,947)</u>
NET CASH USED BY OPERATING ACTIVITIES	(\$1,237,660)
CASH AND CASH EQUIVALENTS, January 1, 2011	<u>4,668,041</u>
CASH AND CASH EQUIVALENTS, December 31, 2011	<u>\$3,430,381</u>

See notes to financial statements.

GLOBAL HEALING

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2011

Note 1. NATURE OF ACTIVITIES:

Global Healing ("the Organization") is a nonprofit organization established to accomplish health care reform, through education, in areas of the world where modern health care is not available. This objective is achieved by working directly with local government officials, health care providers, educators, businesses, public institutions, and private citizens and putting processes in place that promote self-sufficiency.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Donated services:

The services of volunteers are an indispensable part of the Organization's program. A value for the services of specialized volunteers is included in the financial statements in agreement with guidelines established by the American Institute of Certified Public Accountants. Approximately 7,500 hours were donated by these volunteers during the year ended December 31, 2011.

Functional expenses:

Expenses that apply to more than one functional category have been allocated between program, management and general, and fund-raising based on the time spent on these functions by specific employees as estimated by management. The remaining costs are charged directly to the appropriate functional category.

Support, revenue and expenses:

The accompanying financial statements have been prepared in accordance with the standards set forth in Statements of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements for Not-for-Profit Organizations* and the guidelines set forth in the industry audit and accounting guide "Not-For-Profit Organizations" issued by the American Institute of Certified Public Accountants. Contributions of cash and other assets are classified as one of the following three categories: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Taxation:

The Organization has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements.

Basis of Accounting:

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.

GLOBAL HEALING

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2011

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents:

For financial statement purposes, the Organization considers all highly liquid investments with an original maturity date of three months or less from date of purchase to be cash equivalents.

Concentration of credit risk:

The Organization maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2011, the Organization's uninsured cash balances totaled \$184,521.

Note 3. INVESTMENTS:

The cost and fair values of investments at December 31, 2011, are as follows:

	<u>Fair Value</u>	<u>Cost</u>
Bank notes	\$1,046,843	\$1,023,000
Equities	846,545	817,506
Mutual funds	804,434	931,852
Alternative investments	<u>278,655</u>	<u>307,248</u>
Totals	<u>\$2,976,477</u>	<u>\$3,079,606</u>

Note 4. FAIR VALUE MEASUREMENTS:

The Organizations investments are reported at fair value in the accompanying Statement of Financial Position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization

GLOBAL HEALING

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2011

Note 4. FAIR VALUE MEASUREMENTS (CONTINUED)

measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used only when Level 1 inputs are not available. All investments listed in Note 3 were valued using Level 1 inputs.