

**Globus Relief**

**Year Ended December 31, 2009**

**Financial Statements**

**And**

**Independent Auditor's Report**



# **Globus Relief**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Globus Relief  
Salt Lake City, UT

We have audited the accompanying statement of financial position of Globus Relief (a nonprofit organization) as of December 31, 2009, 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. The prior-year, summarized comparative information has been derived from the Organization's December 31, 2008 financial statements and, in our report dated March 2, 2009, we expressed an unqualified opinion on those financial statements.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. 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 Globus Relief as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Shaw Mumford & Co., P.C.*

Bountiful, Utah  
March 4, 2010

**Globus Relief**  
**Statement of Financial Position**  
**December 31, 2009**  
**With Comparative Totals For December 31, 2008**

	<u>12/31/2009</u>	<u>12/31/2008</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,105,713	\$ 581,718
Accounts receivable	77,425	107,660
Allowance for doubtful accounts	(16,570)	-
Inventories	10,384,968	11,179,541
Prepaid expenses	<u>96,821</u>	<u>51,570</u>
Total current assets	<u>11,648,357</u>	<u>11,920,489</u>
Fixed assets, at cost		
Equipment	351,891	336,141
Furniture	21,430	21,430
Software	<u>129,492</u>	<u>129,492</u>
Total fixed assets	502,813	487,063
Less accumulated depreciation	<u>(395,663)</u>	<u>(347,909)</u>
Net fixed assets	<u>107,150</u>	<u>139,154</u>
Deposit on software	<u>71,464</u>	<u>-</u>
Organization costs	8,511	8,511
Less accumulated amortization	<u>(8,511)</u>	<u>(8,511)</u>
Net organization costs	<u>-</u>	<u>-</u>
Total assets	<u>\$ 11,826,971</u>	<u>\$ 12,059,643</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 83,443	\$ 49,682
Accrued liabilities	<u>465,048</u>	<u>110,533</u>
Total current liabilities	<u>548,491</u>	<u>160,215</u>
Net assets		
Unrestricted	11,256,797	11,864,154
Temporarily restricted	21,683	35,274
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>11,278,480</u>	<u>11,899,428</u>
Total liabilities and net assets	<u>\$ 11,826,971</u>	<u>\$ 12,059,643</u>

See accompanying notes to financial statements.

**Globus Relief**  
**Statement of Activities**  
**Year Ended December 31, 2009**  
**With Comparative Totals For The Year Ended December 31, 2008**

	December 31, 2009				12/31/2008
	Unrestricted	Temporarily Restricted	Permanently Restricted	12/31/2009 Total	12/31/2008 Total
<b>SUPPORT AND REVENUES</b>					
<b>Support</b>					
In-kind donations	\$ 38,192,211	\$ -	\$ -	\$ 38,192,211	\$ 33,587,284
Donated rent and other operating costs	208,659	-	-	208,659	196,711
Contributions	180,680	19,000	-	199,680	227,839
Special projects donations	50,632	2,683	-	53,315	138,776
Net assets released from restrictions	35,274	(35,274)	-	-	-
<b>Total support</b>	<u>38,667,456</u>	<u>(13,591)</u>	<u>-</u>	<u>38,653,865</u>	<u>34,150,610</u>
<b>Revenues</b>					
Handling and processing fees	1,653,833	-	-	1,653,833	1,328,902
Product conversion income	546,612	-	-	546,612	334,415
Miscellaneous income	13,198	-	-	13,198	3,473
Interest income	4,802	-	-	4,802	11,482
<b>Total revenues</b>	<u>2,218,445</u>	<u>-</u>	<u>-</u>	<u>2,218,445</u>	<u>1,678,272</u>
<b>Total support and revenues</b>	<u>40,885,901</u>	<u>(13,591)</u>	<u>-</u>	<u>40,872,310</u>	<u>35,828,882</u>
<b>EXPENSES</b>					
Program services	41,090,842	-	-	41,090,842	30,664,101
General and administrative	232,003	-	-	232,003	171,806
Development and fundraising	170,413	-	-	170,413	259,626
<b>Total expenses</b>	<u>41,493,258</u>	<u>-</u>	<u>-</u>	<u>41,493,258</u>	<u>31,095,533</u>
Change in net assets	(607,357)	(13,591)	-	(620,948)	4,733,349
Net assets, beginning of year	11,864,154	35,274	-	11,899,428	7,166,079
Net assets, end of year	<u>\$ 11,256,797</u>	<u>\$ 21,683</u>	<u>\$ -</u>	<u>\$ 11,278,480</u>	<u>\$ 11,899,428</u>

See accompanying notes to financial statements.

**Globus Relief**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2009**  
**With Comparative Totals For The Year Ended December 31, 2008**

	December 31, 2009				
	Program Services	General and Administrative	Development Fundraising	12/31/2009 Total	12/31/2008 Total
Salaries and wages	\$ 786,939	\$ 82,129	\$ 121,293	\$ 990,361	\$ 949,397
Employee benefits	60,088	25,809	5,628	91,525	93,816
Payroll taxes	56,772	5,925	8,750	71,447	71,129
 Total salaries, payroll taxes and benefits	 903,799	 113,863	 135,671	 1,153,333	 1,114,342
Donations in-kind	39,295,826	-	-	39,295,826	28,471,066
Rent	288,157	-	-	288,157	298,043
Product acquisition costs	263,421	-	-	263,421	656,164
Contract services	37,846	48,489	400	86,735	60,723
Freight/shipping	80,819	1,059	1,467	83,345	116,668
Special projects expenses	69,700	-	-	69,700	159,946
Insurance	3,054	27,851	-	30,905	34,181
Telephone	17,627	2,668	2,776	23,071	22,146
Advertising/development	20,508	-	1,314	21,822	9,438
Supplies	12,680	3,121	2,493	18,294	12,476
Bad debt expense	16,570	-	-	16,570	-
Bank service charges	8,896	5,633	-	14,529	8,359
Occupancy expense	14,151	-	-	14,151	12,856
Travel	5,399	5,104	3,596	14,099	16,337
Repairs and maintenance	4,368	1,904	6,563	12,835	544
Professional fees	-	9,909	-	9,909	8,156
Automobile Expense	7,128	859	182	8,169	3,804
Equipment rentals	494	4,410	2,900	7,804	10,202
Meals and entertainment	840	1,772	969	3,581	2,331
Dues and subscriptions	1,079	370	1,314	2,763	3,232
Printing	-	-	2,655	2,655	5,237
License and permits	193	32	2,264	2,489	12,215
Donations and contributions	-	900	-	900	1,164
Miscellaneous	342	99	-	441	837
 Total expenses before depreciation	 41,052,897	 228,043	 164,564	 41,445,504	 31,040,467
Depreciation and amortization	37,945	3,960	5,849	47,754	55,066
 Total expenses	 \$ 41,090,842	 \$ 232,003	 \$ 170,413	 \$ 41,493,258	 \$ 31,095,533

See accompanying notes to financial statements.

**Globus Relief**  
**Statement of Cash Flows**  
**Year Ended December 31, 2009**  
**With Comparative Totals For The Year Ended December 31, 2008**

	<u>12/31/2009</u>	<u>12/31/2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (620,948)	\$ 4,733,349
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	47,754	55,066
Allowance for doubtful accounts	16,570	-
Non-cash change in inventory	794,573	(5,116,218)
Changes in current assets and liabilities:		
Accounts receivable	30,235	121,736
Prepaid expenses	(45,251)	(32,285)
Deposit on software	(71,464)	-
Accounts payable	33,761	14,306
Accrued liabilities	<u>354,515</u>	<u>19,856</u>
Net cash provided by (used in) operating activities	<u>539,745</u>	<u>(204,190)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	<u>(15,750)</u>	<u>(20,290)</u>
Net cash (used in) investing activities	<u>(15,750)</u>	<u>(20,290)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	523,995	(224,480)
Cash and cash equivalents, beginning of year	<u>581,718</u>	<u>806,198</u>
Cash and cash equivalents, end of year	<u>\$ 1,105,713</u>	<u>\$ 581,718</u>

**SUPPLEMENTAL CASH FLOW INFORMATION**

During the year ended December 31, 2009, the Organization received non-cash contributions in the amount of \$38,192,211. Other in-kind donations during the year ended December 31, 2009 consisted of facility rent of \$131,845, health insurance of \$70,252, and website development of \$6,563.

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**Globus Relief**  
**Notes to Financial Statements**  
**December 31, 2009**

**1. ORGANIZATION HISTORY**

Globus Relief, formerly known as Globous Relief Fund, (the “Organization”) is a not-for-profit corporation organized under the laws of the State of Utah in December 1996. The Organization’s purpose is to improve the delivery of healthcare to the world’s poor by gathering, processing, and distributing medical, health, and other humanitarian supplies to charitable organizations serving the needy at home and abroad, without regard to race, religion, or political persuasion.

The Organization receives contributions of funds, as well as medical, health, educational, food, and clothing supplies, and makes charitable contributions of these resources to entities, programs, and causes which promote humanitarian assistance worldwide.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Globus Relief is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Statements of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations” and SFAS No. 116, “Accounting for Contributions Received and Contributions Made.”

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposits, and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Organization’s accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest.

Accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. Provisions for losses on accounts receivable are determined on the basis of loss experience, known and inherent risks, and current economic conditions.

Inventory

Inventories are stated at wholesale catalog or internet prices.

Fixed Assets and Depreciation

Fixed assets are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$1,000. Depreciation expense is provided on a straight-line basis over the following estimated useful lives of the respective assets, which range from five to ten years. Depreciation expense for the year ended December 31, 2009 was \$47,754.



### Organization Costs

Organization costs are recorded at cost and amortized equally over ten years. Amortization expense for the year ended December 31, 2009 was \$0.

### Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

### Contributions

Unconditional promises to give are recognized as contributions when received at the net present value of the amounts expected to be collected. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor-imposed time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same year the contribution is received are reported as unrestricted. Capital campaign contributions are considered temporarily restricted until the asset is placed into service.

### Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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 reporting period. Actual results could differ from those estimates.

### Income taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2009.

Concentrations of Credit Risks

The Organization maintains its cash balances at a bank. Accounts at that institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Of this amount, \$775,665 exceeded the FDIC insurance limit of \$250,000, and therefore was not insured. The Organization has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2009, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

In-Kind Donations

Contributions of donated non-cash assets meet the requirements of ASC 958-605-25-16, *Contributions Received* and are, therefore, recorded at their wholesale in the period received.

Contributed Services

The Organization receives services donated by individuals in carrying out its purpose. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under ASC 958-605-25-16, *Contributed Services*, Accounting for Contributions Received and Contributions Made.

Reclassifications

Certain items from December 31, 2008 have been reclassified to conform to the December 31, 2009 presentation.

**3. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of donations for specific purposes restricted by donors that have not been satisfied as of December 31, 2009. The Organization expects to satisfy the restrictions in the next fiscal year. The balance of temporarily restricted net assets as of December 31, 2009 was \$21,683.

**4. RELATED-PARTY TRANSACTIONS**

The Organization received the following funding from members of the board of directors and companies owned by members of the board of directors for the year ended December 31, 2009:

Cash donations	\$	9,000
Donated office space	\$	131,845
Donated benefits (health insurance)	\$	70,252
Donated in-kind items	\$	1,382,252
Product conversion income	\$	66,922

The board of directors for the Organization is comprised of more than 50% of the individuals that also make up the board of directors for Globous Financial Relief, a Utah based non-profit corporation. Also, an employee of Globus Relief donates his time to compile the books for Globous Financial Relief. The two organizations do not share an economic interest. Thus, the financial statements have not been consolidated.

**5. OPERATING LEASE COMMITMENTS**

The Organization entered into a lease agreement in May 2009. The lease agreement expires on June 30, 2010. The lease requires monthly payments of \$11,520. Future minimum operating lease payments are based on remaining terms of the agreements. The required future minimum lease payments are as follows.

<u>Year ending</u>		
12/31/2010	\$	69,120
Thereafter		<u>0</u>
	\$	<u>69,120</u>

Total rent expense for the year ended December 31, 2009 was \$288,157. Of this amount, \$131,845 was an in-kind donation.

**6. SUBSEQUENT EVENTS**

In accordance with FASB ASC 855-50-1 *Date Through Which Subsequent Events Have Been Evaluated*, management has evaluated the accounts of the Company from December 31, 2009 through March 4, 2010, to determine whether there are any subsequent events that would have an impact on the financial statements that have not been properly disclosed. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

**7. PRIOR YEAR INFORMATION**

The financial statements for the year ended December 31, 2008 are presented for comparative purposes only. The notes presented herein contain information relating to December 31, 2009 only. Please refer to the December 31, 2008 audited financial statements for information relating to the notes for the prior year.