

Globus Relief

Year Ended December 31, 2020

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, Utah

Financial Statements

We have audited the accompanying financial statements of Globus Relief (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows 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 of 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 Globus Relief as of December 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Globus Relief's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 2, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bountiful Peak Advisors

Bountiful, Utah
September 16, 2021

Globus Relief
Statement of Financial Position
December 31, 2020
With Comparative Totals For December 31, 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,168,079	\$ 1,680,844
Accounts receivable	187,070	749,334
Inventory	29,904,062	11,590,231
Prepaid expenses	30,199	61,077
Investments	<u>15,933</u>	<u>12,218</u>
Total current assets	<u>33,305,343</u>	<u>14,093,704</u>
Property and equipment, at cost		
Building	-	1,221,000
Land	-	2,079,000
Equipment	326,343	322,136
Furniture	76,295	76,295
Software	<u>276,099</u>	<u>271,099</u>
Total property and equipment	678,737	3,969,530
Less: accumulated depreciation	<u>(606,798)</u>	<u>(633,598)</u>
Net property and equipment	<u>71,939</u>	<u>3,335,932</u>
Total assets	<u>\$ 33,377,282</u>	<u>\$ 17,429,636</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 115,956	\$ 105,636
Accrued liabilities	140,059	257,495
Accrued payroll	57,349	69,897
Customer deposits	110,643	89,254
Current portion of long-term debt	<u>-</u>	<u>82,679</u>
Total current liabilities	<u>424,007</u>	<u>604,961</u>
Long-term debt, net of current portion	<u>-</u>	<u>2,430,935</u>
Total liabilities	<u>424,007</u>	<u>3,035,896</u>
Net assets		
Without donor restrictions	32,953,275	14,393,740
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>32,953,275</u>	<u>14,393,740</u>
Total liabilities and net assets	<u>\$ 33,377,282</u>	<u>\$ 17,429,636</u>

See accompanying notes to financial statements.

Globus Relief
Statement of Activities
Year Ended December 31, 2020
With Comparative Totals For The Year Ended December 31, 2019

	12/31/2020			12/31/2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUES				
Support				
In-kind contributions	\$ 41,042,951	\$ -	\$ 41,042,951	\$ 53,160,707
Government grants	277,000	-	277,000	-
Contributions	107,942	-	107,942	180,962
Special projects contributions	49,500	-	49,500	39,000
Donated rent	36,000	-	36,000	36,000
Total support	41,513,393	-	41,513,393	53,416,669
Revenues				
Handling and processing	1,283,168	-	1,283,168	7,796,987
Product conversion income	1,638,947	-	1,638,947	1,541,571
Less: cost of goods sold	(555,149)	-	(555,149)	(463,869)
Gain on sale of assets	305,405	-	305,405	-
Miscellaneous income	28,306	-	28,306	21,152
Interest	1,615	-	1,615	5,445
Refund of property taxes	-	-	-	23,815
Total revenues	2,702,292	-	2,702,292	8,925,101
Total support and revenues	44,215,685	-	44,215,685	62,341,770
EXPENSES				
Program services	24,753,115	-	24,753,115	60,998,081
General and administrative	794,169	-	794,169	929,145
Development and fundraising	108,866	-	108,866	99,510
Total expenses	25,656,150	-	25,656,150	62,026,736
Change in net assets	18,559,535	-	18,559,535	315,034
Net assets, beginning of year	14,393,740	-	14,393,740	14,078,706
Net assets, end of year	<u>\$ 32,953,275</u>	<u>\$ -</u>	<u>\$ 32,953,275</u>	<u>\$ 14,393,740</u>

See accompanying notes to financial statements.

Globus Relief
Statement of Functional Expenses
Year Ended December 31, 2020
With Comparative Totals For The Year Ended December 31, 2019

	12/31/2020			12/31/2019	
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Development Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries and wages	\$ 830,018	\$ 450,165	\$ 83,488	\$ 1,363,671	\$ 1,393,351
Employee benefits	81,745	55,319	10,900	147,964	166,710
Payroll taxes	<u>55,014</u>	<u>32,360</u>	<u>6,150</u>	<u>93,524</u>	<u>104,295</u>
 Total salaries and related expenses	 966,777	 537,844	 100,538	 1,605,159	 1,664,356
 In-kind contributions to others	 22,663,196	 -	 -	 22,663,196	 53,328,888
Freight	332,552	263	-	332,815	656,403
Cost of goods sold	225,506	-	-	225,506	5,313,055
Occupancy	199,611	-	-	199,611	170,549
Mortgage interest expense	87,938	18,796	2,685	109,419	137,912
Bank and merchant fees	2,715	89,213	20	91,948	92,583
Information technology	35,883	17,737	263	53,883	80,393
Grants	49,500	-	-	49,500	39,000
Travel	47,543	1,887	-	49,430	99,268
Insurance	2,706	43,701	-	46,407	32,524
Equipment rentals	36,837	3,584	-	40,421	40,643
Supplies	23,746	7,851	-	31,597	31,639
Utilities	24,492	3,461	494	28,447	19,105
Security service	-	18,503	-	18,503	38,902
Unrelated business income tax	-	16,656	-	16,656	-
Communications	6,863	2,905	3,288	13,056	14,050
Contract service	5,895	6,274	-	12,169	172,512
Professional fees	-	10,963	-	10,963	21,872
License, dues, and fees	2,253	5,870	507	8,630	9,687
Meals and entertainment	1,841	285	-	2,126	8,334
Repairs and maintenance	2,186	-	-	2,186	1,399
Miscellaneous	-	879	-	879	773
Commissions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,095</u>
 Total expenses before depreciation	 24,718,040	 786,672	 107,795	 25,612,507	 61,975,942
Depreciation	<u>35,075</u>	<u>7,497</u>	<u>1,071</u>	<u>43,643</u>	<u>50,794</u>
 Total expenses	 <u>\$ 24,753,115</u>	 <u>\$ 794,169</u>	 <u>\$ 108,866</u>	 <u>\$ 25,656,150</u>	 <u>\$ 62,026,736</u>

See accompanying notes to financial statements.

Globus Relief
Statement of Cash Flows
Year Ended December 31, 2020
With Comparative Totals For The Year Ended December 31, 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 18,559,535	\$ 315,034
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	43,643	50,794
Non-cash change in inventory	(18,313,831)	218,848
Gain on sale of assets	(305,405)	-
Changes in current assets and liabilities:		
Accounts receivable	562,264	(613,624)
Prepaid expenses	30,878	109,331
Accounts payable	10,319	59,532
Accrued liabilities	(117,436)	236,584
Accrued payroll	(12,549)	14,523
Customer deposits	<u>21,390</u>	<u>(129,263)</u>
Net cash provided by operating activities	<u>478,808</u>	<u>261,759</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of land and building	3,529,962	-
Cash purchases of investments	(3,715)	(2,929)
Cash purchases of property and equipment	<u>(4,206)</u>	<u>(80,320)</u>
Net cash used in investing activities	<u>3,522,041</u>	<u>(83,249)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	<u>(2,513,614)</u>	<u>(76,243)</u>
Net cash (used in) provided by financing activities	<u>(2,513,614)</u>	<u>(76,243)</u>
Net change in cash and cash equivalents	1,487,235	102,267
Cash and cash equivalents, beginning of year	<u>1,680,844</u>	<u>1,578,577</u>
Cash and cash equivalents, end of year	<u>\$ 3,168,079</u>	<u>\$ 1,680,844</u>

SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2020, the Organization received in-kind contributions totaling \$41,078,951. In-kind contributions consisted of humanitarian supplies of \$41,042,951 and donated use of facilities of \$36,000.

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest	<u>\$ 109,419</u>	<u>\$ 137,912</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

Globus Relief
Notes to Financial Statements
December 31, 2020

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 vision is to continually work to improve healthcare. The Organization is a medical resource humanitarian organization, committed to partnering with other charities, corporations and governments working to improve the delivery of healthcare across the world. The Organization accomplishes the improvement of health care through assessment, partnership, and training. The Organization reduces unnecessary duplication of efforts among our partners and works to produce a synergistic environment that magnifies social impact.

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

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for Profit Entities*.

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

Date of Management’s Review

Subsequent events were evaluated through September 16, 2021, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

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.

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.

Concentrations of Credit Risks

The Organization maintains its cash balances at banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the Organization had \$2,840,222 in bank deposits that 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.

Notes (continued)

For the year ended December 31, 2020, approximately 15% of the Organization's in-kind donations came from one donor.

As of December 31, 2020, approximately 84% of the accounts receivable balance was due from one customer.

As of December 31, 2020, approximately 22% of the accounts payable balance was to one vendor.

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 collectability 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

Inventory consists of humanitarian supplies, medical equipment and supplies, and pharmaceutical supplies. Inventory is accounted for at the lower of cost or market, using the specific identification method. For donated inventory items, cost represents the estimated fair market value of donated inventory on the date of donation.

Property and Equipment

Property and equipment 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. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation and amortization expense are provided on a straight-line basis over the estimated useful lives of the respective assets, which range from three to thirty-nine years. Depreciation expense for the year ended December 31, 2020 was \$43,643.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amounts of the assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against the estimated undiscounted future cash flows associated with them. When future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying amounts of the assets, the assets are adjusted to their fair values.

Investments

The Organization has adopted the provisions of FASB ASC 958-320, *Investments—Debt and Equity Securities*. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

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, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Classes of Net Assets

Net assets, revenues and gains are classified based on the presence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions

Contributions are recognized when cash or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

In-kind contributions are recorded as support at their estimated fair market value at the date of gift. These contributions are reported as unrestricted support unless the donor has restricted the donation for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as temporarily restricted support and reclassified to unrestricted net assets when placed in service. In-kind contributions received during the year ended December 31, 2020 consisted of the following:

Humanitarian supplies	\$ 41,042,951
Use of facilities	<u>36,000</u>
	<u>\$ 41,078,951</u>

In accordance with FASB ASC 958-605-25-16, Contributed Services, the Organization recognizes contributed services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no contributed services recognized during the year ended December 31, 2020.

Program Revenue and Revenue Recognition

Program service revenue consists of handling and processing fees, product conversion income, and other income. Program service revenue is recognized when earned. Payments received in advance, if any, are deferred to the applicable period in which the related goods or services are provided.

Freight and Shipping

Freight and shipping costs are expensed when incurred.

Advertising

Advertising costs are expensed when the advertising first takes place. Advertising expense for the year ended December 31, 2020 was \$0.

Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefits, professional fees, occupancy, and depreciation, which are allocated on the basis of estimated time and effort.

Income taxes

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3), qualifying for the charitable contribution deduction under section 509(a)(2), and has been determined not to be a private foundation under Section 509(a). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) and is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization paid unrelated business income tax in the amount of \$16,656 related to SRN sales for the year ended December 31, 2020. Management believes that the Organization has appropriate support for any tax positions taken in its annual filing and does not have any uncertain tax positions that are material to the financial statements. The Organization's Forms 990 are no longer subject to tax examination for years before 2017.

Reclassifications

Certain items from December 31, 2019 have been reclassified to conform to the December 31, 2020 presentation.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consisted of the following:

Cash and cash equivalents	\$ 3,168,079
Accounts receivable	187,061
Investments	<u>15,933</u>
Current financial assets, at year-end	<u>3,371,073</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,371,073</u>

As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in savings and money market funds.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of \$187,070 in trade receivables. Accounts receivable are expected to be collected in full in less than one year. Therefore, management has determined that there is no allowance necessary.

5. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
Level 2	Inputs to the valuation methodology include <ul style="list-style-type: none"> • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Level 1

Mutual funds: Valued based on quoted NAV of the shares held by the Organization at year-end. The values of underlying common stocks, corporate bonds, and U.S. Government securities are based on the closing price reported on the active market where the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at December 31, 2020:

	Assets at Fair Value as of December 31, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 15,933	\$ -	\$ -	\$ 15,933
Total investments	\$ 15,933	-	-	\$ 15,933

6. RELATED-PARTY TRANSACTIONS

During the year ended December 31, 2020, the Organization was involved in certain related-party transactions with National Product Sales, a company in which two members of the board of directors maintain an ownership interest. These transactions included the following:

In-kind contributions:	
Inventory	\$ 552,582
Use of facilities	<u>36,000</u>
	<u>\$ 588,582</u>

7. RETIREMENT PLAN

The Organization maintains a SIMPLE IRA plan for its employees. Employees who earn at least \$5,000 in compensation (either in the prior two years or anticipate earning \$5,000 in the current year) may participate in the plan. The employees may contribute up to \$13,000 (or \$16,000 if they are over age 50) annually. The Organization matches employee contributions dollar for dollar up to 3% of the employee's salary. For the year ended December 31, 2020, the Organization made contributions totaling \$25,572.

8. OPERATING LEASES

The Organization entered into a new operating lease that begin March 2021. The lease will expire on October 31, 2022 and required monthly payments of \$16,124 in January, \$22,526 from February to April, and \$36,875 for the remainder of the lease. Future minimum lease payments to be amortized under the operating lease are as follows:

<u>For the year ending December 31,</u>	
2021	\$ 378,707
2022	<u>295,003</u>
Total future minimum lease payments	<u>\$ 673,710</u>

Rental expense for the year ended December 31, 2020 was \$163,611.

9. COMMITMENTS AND CONTINGENCIES

The Organization may be involved in certain claims arising from the ordinary course of operations, and has purchased insurance policies to cover these risks.

10. PRIOR YEAR INFORMATION

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020 from which the summarized information was derived.