

global links

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2008 and 2007

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HERBEIN+COMPANY, INC.

CERTIFIED PUBLIC ACCOUNTANTS

Members of PKF North American Network, Pennsylvania Institute of CPAs,
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www.herbein.com

To the Board of Directors
global links
Pittsburgh, Pennsylvania


Independent Auditor's Report

We have audited the accompanying statements of financial position of *global links* (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of *global links'* management. 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 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 audits provide 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 links* at December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The summarized information for the years ended December 31, 2007 and 2006 is not a complete presentation in conformity with accounting principles generally accepted in the United States. The prior years summarized comparative information has been derived from the Organization's 2007 and 2006 financial statements; and in our reports dated June 7, 2008 and May 3, 2007, respectively, we expressed an unqualified opinion on those financial statements.


Pittsburgh, Pennsylvania
May 12, 2009

HERBEIN+COMPANY, INC.

One North Shore Center 12 Federal Street, Suite 300 Pittsburgh, PA 15212
pittsburgh@herbein.com

Telephone: 412-392-2345 Facsimile: 412-392-2379

Other Offices:

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STATEMENTS OF FINANCIAL POSITION

December 31

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,059,170	\$ 1,747,672
Investments, at fair value	5,990	28,787
Accounts receivable	15,459	35,457
Inventory	2,870,663	1,348,872
Prepaid expenses	13,762	16,474
TOTAL CURRENT ASSETS	4,965,044	3,177,262
LEASEHOLD IMPROVEMENTS AND EQUIPMENT		
Furniture, fixtures and equipment	134,791	102,791
Leasehold improvements	23,186	23,186
	<u>157,977</u>	<u>125,977</u>
Accumulated depreciation and amortization	(121,056)	(115,513)
NET LEASEHOLD IMPROVEMENTS AND EQUIPMENT	36,921	10,464
TOTAL ASSETS	\$ 5,001,965	\$ 3,187,726
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 28,269	\$ 46,743
Deferred revenue	724,182	388,161
TOTAL LIABILITIES	752,451	434,904
NET ASSETS		
Unrestricted	3,428,861	1,925,684
Temporarily restricted	820,653	827,138
TOTAL NET ASSETS	4,249,514	2,752,822
TOTAL LIABILITIES AND NET ASSETS	\$ 5,001,965	\$ 3,187,726

See accompanying notes.

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STATEMENTS OF ACTIVITIES

	Year Ended December 31	
	2008	2007
UNRESTRICTED REVENUES AND SUPPORT		
Donated materials and supplies	\$ 4,376,039	\$ 3,311,261
Donated pharmaceuticals	26,898,392	2,149,913
Materials and supplies contributed to other organizations	(155,674)	(756,293)
Grants and contributions	953,625	689,821
Management fees	100,537	105,126
Miscellaneous sales and other	21,591	22,090
Special events, net of expenses of \$762 and \$3,148, respectively	1,997	1,660
In-kind contributions	7,411	5,871
Interest and dividends	49,396	72,661
Net unrealized appreciation (depreciation) of investments	(5,126)	(5,218)
TOTAL UNRESTRICTED REVENUES AND SUPPORT	32,248,188	5,596,892
NET ASSETS RELEASED FROM RESTRICTIONS	6,485	6,241
TOTAL REVENUES AND SUPPORT	32,254,673	5,603,133
EXPENSES		
Program services:		
Materials, supplies and equipment shipped	3,828,416	3,530,456
Pharmaceuticals shipped	25,958,874	1,393,620
Personnel and other operating expenses	427,305	338,122
Shipping costs	175,886	105,349
Warehouse expense	99,419	86,464
Travel and conference expenses	40,179	24,576
Equipment repair expenses	13,518	9,619
	30,543,597	5,488,206
Administrative services:		
Management and general	121,583	118,667
Fundraising	86,316	71,305
TOTAL EXPENSES	30,751,496	5,678,178
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	1,503,177	(75,045)

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STATEMENTS OF ACTIVITIES - CONTINUED

	Year Ended December 31	
	2008	2007
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS - CONTINUED	1,503,177	(75,045)
TEMPORARILY RESTRICTED NET ASSETS		
Net assets released from restrictions	<u>(6,485)</u>	<u>(6,241)</u>
INCREASE (DECREASE) IN NET ASSETS	1,496,692	(81,286)
NET ASSETS AT BEGINNING OF YEAR	<u>2,752,822</u>	<u>2,834,108</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,249,514</u>	<u>\$ 2,752,822</u>

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STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2008

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Materials, supplies and equipment shipped	\$ 3,828,416	\$ -	\$ -	\$ 3,828,416
Pharmaceuticals shipped	25,958,874	-	-	25,958,874
Personnel salaries and wages	336,953	69,478	62,892	469,323
Personnel benefits	65,367	13,478	6,848	85,693
Office supplies and expenses	9,025	5,652	92	14,769
Consulting and professional fees	9,601	13,031	2,085	24,717
Depreciation and amortization	1,377	4,166	-	5,543
Insurance	-	5,729	-	5,729
Dues and publications	592	4,060	6,242	10,894
Postage and delivery	3,910	653	1,172	5,735
Travel, conferences and meals	40,179	2,374	6,985	49,538
Miscellaneous	480	760	-	1,240
Shipping costs	175,886	962	-	176,848
Warehouse expenses and office rent	99,419	1,240	-	100,659
Medical equipment refurbishment	13,518	-	-	13,518
TOTAL EXPENSES	<u>\$ 30,543,597</u>	<u>\$ 121,583</u>	<u>\$ 86,316</u>	<u>\$ 30,751,496</u>

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STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2007

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Materials, supplies and equipment shipped	\$ 3,530,456	\$ -	\$ -	\$ 3,530,456
Pharmaceuticals shipped	1,393,620	-	-	1,393,620
Personnel salaries and wages	261,491	56,847	48,862	367,200
Personnel benefits	52,693	12,484	2,297	67,474
Office supplies and expenses	12,744	15,236	5,058	33,038
Consulting and professional fees	6,017	11,910	1,445	19,372
Depreciation and amortization	2,233	1,440	-	3,673
Insurance	-	6,448	-	6,448
Dues and publications	-	3,814	-	3,814
Postage and delivery	2,944	1,301	1,245	5,490
Travel, conferences and meals	24,576	3,712	12,398	40,686
Miscellaneous	-	-	-	-
Shipping costs	105,349	-	-	105,349
Warehouse expenses and office rent	86,464	5,475	-	91,939
Medical equipment refurbishment	9,619	-	-	9,619
TOTAL EXPENSES	<u>\$ 5,488,206</u>	<u>\$ 118,667</u>	<u>\$ 71,305</u>	<u>\$ 5,678,178</u>

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STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,496,692	\$ (81,286)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Noncash change in inventory	(1,521,791)	137,128
Depreciation and amortization	5,543	3,673
Net unrealized (appreciation) depreciation of investments	5,126	5,218
Changes in:		
Accounts receivable	19,998	(24,671)
Contribution receivable	-	5,000
Prepaid expenses	2,712	(4,993)
Accounts payable, accrued expenses and deferred revenue	317,547	201,563
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	325,827	241,632
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(32,000)	(5,889)
Purchase of investments	-	(15,182)
Proceeds from sale of investments	17,671	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(14,329)	(21,071)
NET INCREASE IN CASH	311,498	220,561
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,747,672	1,527,111
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,059,170	\$ 1,747,672

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NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

global links ("the Organization") is a non-profit corporation dedicated to recovering surplus medical equipment and supplies for use by healthcare facilities serving the poor, primarily in developing countries. To achieve this mission, *global links* collects batch and single-item supplies and equipment that are still valuable but are no longer in demand due to procedural waste, technological change, regulatory requirements or production overage, and prepares them for shipment with the help of a large pool of volunteers.

Founded in 1989, *global links* provides American healthcare institutions and manufacturers with an environmentally and socially responsible alternative to the disposal or incineration of surplus medical materials, while simultaneously aiming to ensure that one hundred percent of the materials it ships are needed and can be used.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of *global links*, all of which are in conformity with accounting principles generally accepted in the United States of America, are summarized below:

Basis of Presentation:

global links reports amounts for its total assets, liabilities and net assets in a statement of financial position, the change in its net assets in a statement of activities and the change in its cash and cash equivalents in a statement of cash flows. Also, its net assets and its revenues, expenses, gains and losses are classified in these financial statements, based on the existence or absence of donor imposed restrictions, as temporarily restricted, permanently restricted or unrestricted. Temporarily restricted net assets are those whose use by *global links* has been limited by donors to a specific time period or purpose. *global links* has no permanently restricted net assets. Unrestricted net assets are those currently available at the discretion of the Board for unlimited use in the Organization's operations.

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 of assets and liabilities and disclosures 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 may differ from those estimates.

Investments:

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices in the Statements of Financial Position. Dividends, interest and other investment income or loss, including realized gains and losses and unrealized appreciation, are reported in the period earned as increases or decreases in unrestricted net assets unless the use of the assets received is limited by donor-imposed restrictions or by law. Donor-restricted investment income would be reported as an increase in temporarily restricted net assets or, if and when applicable, permanently restricted net assets. At December 31, 2008 and 2007, the Organization was holding equity securities with a fair value of \$5,990 and \$28,787, respectively. This amount is not significantly different from cost.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts and Contributions Receivable:

Accounts and contributions receivable represent amounts committed by donors, grantors or others that have not been received by the Organization by year-end. All amounts are due within one year. Management has determined that no allowance is necessary.

Contributions and Support:

Contributions, gifts and unconditional promises to give cash and other assets to *global links* are reported at fair value at the date received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is physically received. The contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Contributions whose restrictions have been met in the same year are reported as unrestricted.

Donated Materials, Supplies and Equipment:

Donations include materials, supplies and equipment donated for shipment to developing countries, and equipment donated for internal administrative use. The dollar value of such donations and the related "materials and supplies shipped" expense can fluctuate significantly from year to year dependent upon the donation of more expensive items (i.e. pharmaceuticals) versus the donation of less expensive items (i.e. hospital beds and mattresses, and used medical equipment). *global links* reports gifts of material and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Grants:

Grants generally represent monies received that are granted to cover the shipping and administration expenses associated with the delivery of materials and supplies to a particular country. Deferred revenue consists of grant funds received for specific projects that have not yet been spent. As the requisite costs are incurred, the revenue is recognized.

In-Kind Contributions:

In-Kind contributions represent donated professional services from unrelated parties. Contributions of services shall be recognized if the services received (a) create or enhance a non-financial asset or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. *global links* receives a substantial amount of volunteered support from individuals and charitable organizations whose time is not recognized as a contribution in the financial statements since they are either not considered specialists or are directly related to *global links* (i.e. Board Member) (see Note 4).

Cash and Cash Equivalents:

Cash and cash equivalents consist of highly liquid debt instruments purchased with an original maturity of three months or less and cash held in checking, savings, money market accounts and certificates of deposit. At year-end and at various times during the years, the Organization had cash balances in excess of the federally insured limits for the years ended December 31, 2008 and 2007, respectively. The deposits were held at various financial institutions.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Inventory:

Inventory, representing donated materials awaiting shipment to developing countries, is stated at estimated fair market value. Due to the timing of receipts and shipments of donated materials and supplies, significant fluctuations in inventory levels may occur which will also significantly impact the change in net assets as presented in the Statements of Activities. All items included in inventory are to be used for program services and are not available for liquidation.

Leasehold Improvements and Equipment:

Furniture, fixtures and equipment are stated at cost (or estimated fair value for donated items). Depreciation is provided on the straight-line method over an estimated useful life of five to seven years. Leasehold improvements, which are stated at cost, are amortized over the lease term. Depreciation expense was \$5,543 and \$3,673 for 2008 and 2007, respectively.

Allocation of Expenses:

The costs of providing the various programs and supporting activities of *global links* have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the program and supporting activities benefited in a rational and systematic manner.

Income Taxes:

global links has been determined to be an exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax under present laws.

NOTE 2 - LINE OF CREDIT

global links has a line of credit with a bank that provides the availability of \$100,000 at December 31, 2008 and at December 31, 2007. The line of credit bears interest at the prime rate plus 1% (4.25% and 8.25% at December 31, 2008 and 2007, respectively) and can be repaid at any time. At December 31, 2008 and 2007, no balance was outstanding under the line. The line is collateralized by all money on deposit held by the bank and property of *global links*.

NOTE 3 - MATERIALS AND SUPPLIES CONTRIBUTED TO OTHER ORGANIZATIONS

global links often receives donations of large quantities of materials and supplies from donors' surplus inventories. When particular items offered are not appropriate for use in its normal endeavors, *global links* contributes these items to other charitable organizations aiding those in need in other parts of the world. This constitutes a service to both the donor and the other charities. However, because the receipt and ultimate disposition of these materials and supplies is controlled by other charities, *global links* does not include their value in expenses in the Statements of Activities.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE 4 - VOLUNTEER SERVICES

There were 167 individuals who contributed a total of more than 3,100 hours of volunteer service at *global links* during 2008.

Also during 2008, 77 groups volunteered a total of 194 times with a total of 1,425 participants (individuals who came more than once were counted as participants for each time they came). On average, these groups volunteered for approximately 2 hours each visit, thereby contributing about 3,000 hours of volunteer service.

Combined, *global links* received annually more than 6,000 hours of volunteer service from more than 1,590 individuals during 2008 and 5,800 hours of volunteer service from more than 1,540 individuals during 2007.

These services were not recognized as income as they did not meet the accounting criteria.

NOTE 5 - NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	December 31	
	2008	2007
New offices and warehouse	\$ 811,400	\$ 811,400
Nephrology Lab	9,253	15,738
TOTAL	\$ <u>820,653</u>	\$ <u>827,138</u>

Net assets were released from donor restrictions during the years ended December 31, 2008 and 2007 by incurring expenses satisfying the restricted purposes related to the Nephrology Lab in the amount of \$6,485 and \$6,241, respectively.

NOTE 6 - COMMITMENTS

In September of 2008, *global links* signed a one-year lease extension ending September 30, 2009 for office space at a monthly rate of \$1,950. Prior to the extension, office space rent was \$1,925 per month. In September 2006, *global links* signed a two-year lease ending August 31, 2008 for warehouse space at a monthly rate of \$3,500. Effective September 1, 2008, *global links* signed a two-year lease ending August 31, 2010 for warehouse space at a monthly rate of \$3,675. Rent expense under these lease agreements was \$67,434 and \$64,038 for 2008 and 2007, respectively.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE 6 - COMMITMENTS - CONTINUED

Subsequent to December 31, 2008, *global links* entered into a three-year lease ending in January 2012 for warehouse space at a monthly rate of \$1,333.

Future minimum lease payments that have remaining terms in excess of one year as of December 31, 2008 are as follows:

	<u>Penn Avenue</u>	<u>Hamilton Avenue</u>	<u>Lynn Way</u>	<u>Total</u>
2009	\$ 17,550	\$ 44,100	\$ 16,000	\$ 77,650
2010	-	29,400	16,000	45,400
2011	-	-	16,000	16,000
	<u>\$ 17,550</u>	<u>\$ 73,500</u>	<u>\$ 48,000</u>	<u>\$ 139,050</u>

SUPPLEMENTARY INFORMATION

**SCHEDULE OF ACTIVITIES BY ASSET CLASS
WITH COMPARATIVE TOTALS**

Year Ended December 31

	Unrestricted Net Assets			Total Net Assets		
	Cash and Other	Materials and Supplies	Total	Restricted Net Assets	(Summarized Financial Information)*	
					2007	2006
REVENUES						
Donated materials and supplies	\$ -	\$ 4,376,039	\$ 4,376,039	\$ -	\$ 3,311,261	\$ 2,441,884
Donated pharmaceuticals	-	26,898,392	26,898,392	-	2,149,913	4,071,319
Materials and supplies contributed to other organizations	-	(155,674)	(155,674)	-	(756,293)	(3,138,029)
Grants and contributions	953,625	-	953,625	-	689,821	744,253
Management fees	100,537	-	100,537	-	105,126	84,764
Miscellaneous sales and other	21,591	-	21,591	-	22,090	26,367
Special events	1,997	-	1,997	-	1,660	3,783
In-kind contributions	7,411	-	7,411	-	5,871	7,093
Investment income	49,396	-	49,396	-	72,661	58,644
Net realized appreciation (depreciation) of investments	(5,126)	-	(5,126)	-	(5,218)	2,014
TOTAL REVENUES	1,129,431	31,118,757	32,248,188	-	5,596,892	4,302,092
EXPENSES						
Program services:						
Materials, supplies and equipment shipped	-	3,821,931	3,821,931	6,485	3,530,456	2,606,460
Pharmaceuticals shipped	-	25,958,874	25,958,874	-	1,393,620	933,290
Personnel and other operating expenses	427,305	-	427,305	-	338,122	230,099
Shipping costs	175,886	-	175,886	-	105,349	94,083
Warehouse expenses	99,419	-	99,419	-	86,464	72,465
Travel and conferences	40,179	-	40,179	-	24,576	13,125
Medical equipment refurbishment	13,518	-	13,518	-	9,619	9,715
TOTAL PROGRAM SERVICES	756,307	29,780,805	30,537,112	6,485	5,488,206	3,959,237
Administration	207,899	-	207,899	-	189,972	245,024
TOTAL EXPENSES	964,206	29,780,805	30,745,011	6,485	5,678,178	4,204,261
INCREASE (DECREASE) IN NET ASSETS	\$ 165,225	\$ 1,337,952	\$ 1,503,177	\$ (6,485)	\$ (81,286)	\$ 97,831

*Summarized financial information - the columns are presented for 2007 and 2006 only to facilitate financial analysis.