

*global links*

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended December 31, 2007 and 2006**

## TABLE OF CONTENTS

	Pages
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	2
Statements of Activities .....	3 - 4
Statements of Functional Expenses .....	5 - 6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8 - 11
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Activities by Asset Class with Comparative Totals .....	12



**HERBEIN+COMPANY, INC.**

CERTIFIED PUBLIC ACCOUNTANTS

Members of PKF North American Network, Pennsylvania Institute of CPAs,  
American Institute of Certified Public Accountants Div. of CPA Firms/SEC & Private Practice Sections  
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* as of December 31, 2007 and 2006, 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, 2007 and 2006, 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 12 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 2006 and 2005 financial statements; and in our reports dated May 3, 2007 and January 13, 2006, respectively, we expressed an unqualified opinion on those financial statements.

*Herbein + Company, Inc.*  
**Pittsburgh, Pennsylvania**  
**June 7, 2008**

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Statements of Financial Position

December 31

	2007	2006
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,747,672	\$ 1,527,111
Investments, at fair value	28,787	18,823
Accounts receivable	35,457	10,786
Contribution receivable	-	5,000
Inventory	1,348,872	1,486,000
Prepaid expenses	16,474	11,481
<b>TOTAL CURRENT ASSETS</b>	<b>3,177,262</b>	<b>3,059,201</b>
<b>LEASEHOLD IMPROVEMENTS AND EQUIPMENT</b>		
Furniture, fixtures and equipment	102,791	96,902
Leasehold improvements	23,186	23,186
	<u>125,977</u>	<u>120,088</u>
Accumulated depreciation and amortization	(115,513)	(111,840)
<b>NET LEASEHOLD IMPROVEMENTS AND EQUIPMENT</b>	<b>10,464</b>	<b>8,248</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,187,726</b>	<b>\$ 3,067,449</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 46,743	\$ 30,337
Deferred revenue	388,161	203,004
<b>TOTAL LIABILITIES</b>	<b>434,904</b>	<b>233,341</b>
<b>NET ASSETS</b>		
Unrestricted	1,925,684	2,000,729
Temporarily restricted	827,138	833,379
<b>TOTAL NET ASSETS</b>	<b>2,752,822</b>	<b>2,834,108</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,187,726</b>	<b>\$ 3,067,449</b>

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Statements of Activities

	Year Ended December 31	
	2007	2006
<b>UNRESTRICTED REVENUES AND SUPPORT</b>		
Donated materials and supplies	\$ 3,311,261	\$ 2,441,884
Donated pharmaceuticals	2,149,913	4,071,319
Materials and supplies contributed to other organizations	(756,293)	(3,138,029)
Grants and contributions	689,821	732,853
Management fees	105,126	84,764
Miscellaneous sales and other	22,090	26,367
Special events, net of expenses of \$3,148 and \$7,278, respectively	1,660	3,783
In-kind contributions	5,871	7,093
Interest and dividends	72,661	58,644
Net unrealized appreciation (depreciation) of investments	(5,218)	2,014
<b>TOTAL UNRESTRICTED REVENUES AND SUPPORT</b>	<b>5,596,892</b>	<b>4,290,692</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>6,241</b>	<b>49,108</b>
<b>TOTAL REVENUES AND SUPPORT</b>	<b>5,603,133</b>	<b>4,339,800</b>
<b>EXPENSES</b>		
Program services:		
Materials, supplies and equipment shipped	3,530,456	2,606,460
Pharmaceuticals shipped	1,393,620	933,290
Personnel and other operating expenses	338,122	230,099
Shipping costs	105,349	94,083
Warehouse expense	86,464	72,465
Travel and conference expenses	24,576	13,125
Equipment repair expenses	9,619	9,715
	<b>5,488,206</b>	<b>3,959,237</b>
Administrative services:		
Management and general	118,667	173,133
Fundraising	71,305	71,891
<b>TOTAL EXPENSES</b>	<b>5,678,178</b>	<b>4,204,261</b>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b>(75,045)</b>	<b>135,539</b>

See accompanying notes.

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Statements of Activities - Continued

	Year Ended December 31	
	2007	2006
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS - CONTINUED</b>	<b>(75,045)</b>	135,539
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	-	11,400
Net assets released from restrictions	<u>(6,241)</u>	<u>(49,108)</u>
<b>DECREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>(6,241)</u></b>	<b><u>(37,708)</u></b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(81,286)</b>	97,831
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b><u>2,834,108</u></b>	<b><u>2,736,277</u></b>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 2,752,822</u></b>	<b><u>\$ 2,834,108</u></b>

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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
<b>TOTAL EXPENSES</b>	<u>\$ 5,488,206</u>	<u>\$ 118,667</u>	<u>\$ 71,305</u>	<u>\$ 5,678,178</u>

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**Statement of Functional Expenses**

Year Ended December 31, 2006

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Materials, supplies and equipment shipped	\$ 2,606,460	\$ -	\$ -	\$ 2,606,460
Pharmaceuticals shipped	933,290	-	-	933,290
Personnel salaries and wages	181,248	60,749	60,306	302,303
Personnel benefits	35,972	8,609	3,646	48,227
Office supplies and expenses	3,865	11,855	5,108	20,828
Consulting and professional fees	5,690	10,022	1,729	17,441
Depreciation and amortization	-	4,506	-	4,506
Insurance	-	5,803	-	5,803
Dues and publications	-	9,477	-	9,477
Postage and delivery	1,824	3,021	1,083	5,928
Travel, conferences and meals	13,125	2,670	19	15,814
Miscellaneous	1,500	273	-	1,773
Shipping costs	94,083	-	-	94,083
Warehouse expenses and office rent	72,465	56,148	-	128,613
Medical equipment refurbishment	9,715	-	-	9,715
<b>TOTAL EXPENSES</b>	<u>\$ 3,959,237</u>	<u>\$ 173,133</u>	<u>\$ 71,891</u>	<u>\$ 4,204,261</u>



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Statements of Cash Flows

	Year Ended December 31	
	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (81,286)	\$ 97,831
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Noncash change in inventory	137,128	85,000
Depreciation and amortization	3,673	4,507
Net unrealized (appreciation) depreciation of investments	5,218	(2,014)
Changes in:		
Accounts receivable	(24,671)	(1,974)
Contribution receivable	5,000	(5,000)
Prepaid expenses	(4,993)	(6,050)
Accounts payable, accrued expenses and deferred revenue	201,563	139,888
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>241,632</b>	<b>312,188</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(5,889)	(4,021)
Purchase of investments	(15,182)	(4,206)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(21,071)</b>	<b>(8,227)</b>
<b>NET INCREASE IN CASH</b>	<b>220,561</b>	<b>303,961</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,527,111</b>	<b>1,223,150</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,747,672</b>	<b>\$ 1,527,111</b>

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**Notes to Financial Statements**

**December 31, 2007 and 2006**

*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**

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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, 2007 and 2006, the Organization was holding equity securities with a fair value of \$28,787 and \$18,823, respectively. This amount is not significantly different from cost.

**Notes to Financial Statements - Continued**

**December 31, 2007 and 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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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 shipment of more expensive items (i.e. pharmaceuticals) versus the shipment 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 shipment 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. Cash in excess of FDIC insurance at December 31, 2007 and 2006 was \$1,564,283 and \$1,332,228, respectively.

*global links*

Notes to Financial Statements - Continued

December 31, 2007 and 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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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 \$3,673 and \$4,506 for 2007 and 2006, 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**

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*global links* has a line of credit with a bank that provides the availability of \$100,000 at December 31, 2007 and at December 31, 2006. The line of credit bears interest at the prime rate plus 1% (8.25% and 9.25% at December 31, 2007 and 2006, respectively) and can be repaid at any time. At December 31, 2007 and 2006, 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**

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*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* chooses not to include their value in expenses in the Statements of Activities.

*global links*

Notes to Financial Statements - Continued

December 31, 2007 and 2006

**NOTE 4 - VOLUNTEER SERVICES**

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There were 122 individuals who contributed a total of more than 2,800 hours of volunteer service at *global links* during 2007.

Also during 2007, 63 groups volunteered a total of 200 times with a total of 1,419 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 5,800 hours of volunteer service from more than 1,540 individuals during 2007 and 5,900 hours of volunteer service from more than 1,680 individuals during 2006.

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

**NOTE 5 - NET ASSETS**

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Temporarily restricted net assets are available for the following purposes:

	December 31	
	2007	2006
New offices and warehouse	\$ 811,400	\$ 811,400
Nephrology Lab	15,738	21,979
TOTAL	\$ 827,138	\$ 833,379

Net assets were released from donor restrictions during the years ended December 31, 2007 and 2006 by incurring expenses satisfying the restricted purposes related to the Nephrology Lab in the amount of \$6,241 and \$49,108, respectively.

**NOTE 6 - COMMITMENTS**

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In April of 2006, *global links* signed a two-year lease ending March 31, 2008 for office space at a monthly rate of \$1,525 for the first year and \$1,925 for the second year. In September 2006, *global links* signed a two-year lease ending August 31, 2008 for warehouse space at a monthly rate of \$3,500 (minimum amount due for 2008 is \$28,000). Rent expense under these lease agreements was \$64,038 and \$52,219 for 2007 and 2006, respectively.

**SUPPLEMENTARY INFORMATION**

global links

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	2007	2006	2005
<b>REVENUES</b>							
Donated materials and supplies	\$ -	\$ 3,311,261	\$ 3,311,261	\$ -	\$ 3,311,261	\$ 2,441,884	\$ 1,749,914
Donated pharmaceuticals	-	2,149,913	2,149,913	-	2,149,913	4,071,319	11,290,190
Materials and supplies contributed to other organizations	-	(756,293)	(756,293)	-	(756,293)	(3,138,029)	-
Grants and contributions	689,821	-	689,821	-	689,821	744,253	534,124
Management fees	105,126	-	105,126	-	105,126	84,764	81,305
Miscellaneous sales and other	22,090	-	22,090	-	22,090	26,367	25,064
Special events	1,660	-	1,660	-	1,660	3,783	17,814
In-kind contributions	5,871	-	5,871	-	5,871	7,093	13,341
Investment income	72,661	-	72,661	-	72,661	58,644	34,641
Net realized appreciation (depreciation) of investments	(5,218)	-	(5,218)	-	(5,218)	2,014	(438)
<b>TOTAL REVENUES</b>	892,011	4,704,881	5,596,892	-	5,596,892	4,302,092	13,745,955
<b>EXPENSES</b>							
Program services:							
Materials, supplies and equipment shipped	-	3,524,215	3,524,215	6,241	3,530,456	2,606,460	1,782,323
Pharmaceuticals shipped	-	1,393,620	1,393,620	-	1,393,620	933,290	11,290,190
Personnel and other operating expenses	338,122	-	338,122	-	338,122	230,099	218,635
Shipping costs	105,349	-	105,349	-	105,349	94,083	96,401
Warehouse expenses	86,464	-	86,464	-	86,464	72,465	45,805
Travel and conferences	24,576	-	24,576	-	24,576	13,125	11,218
Medical equipment refurbishment	9,619	-	9,619	-	9,619	9,715	12,774
<b>TOTAL PROGRAM SERVICES</b>	564,130	4,917,835	5,481,965	6,241	5,488,206	3,959,237	13,457,346
Administration	189,972	-	189,972	-	189,972	245,024	219,305
<b>TOTAL EXPENSES</b>	754,102	4,917,835	5,671,937	6,241	5,678,178	4,204,261	13,676,651
<b>INCREASE (DECREASE) IN NET ASSETS</b>	\$ 137,909	\$ (212,954)	\$ (75,045)	\$ (6,241)	\$ (81,286)	\$ 97,831	\$ 69,304

\*Summarized financial information - the columns are presented for 2006 and 2005 only to facilitate financial analysis.