

**WORLD MEDICAL RELIEF
INCORPORATED**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

**BOISVENU & COMPANY, P.C.
Certified Public Accountants
Bingham Farms, Michigan**

WORLD MEDICAL RELIEF INCORPORATED

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
World Medical Relief Incorporated

We have audited the accompanying financial statements of World Medical Relief Incorporated (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 from 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 organization'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 organization'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 World Medical Relief Incorporated as of December 31, 2017, 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 World Medical Relief Incorporated's December 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Beisvenu & Company, P.C.

October 12, 2018

WORLD MEDICAL RELIEF INCORPORATED

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	Unrestricted	Permanently Restricted	Total 2017	Total 2016
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 76,496	\$ -	\$ 76,496	\$ 3,622
Accounts receivable	36,963	-	36,963	106,711
Land contract receivable	34,713	-	34,713	33,402
Total Current Assets	<u>148,172</u>	<u>-</u>	<u>148,172</u>	<u>143,735</u>
Non-current Assets				
Investments	51,000	-	51,000	48,000
Beneficial interest	1,924	10,000	11,924	10,850
Land contract receivable - net of current portion	198,296	-	198,296	233,010
Medical equipment supplies	1,827,151	-	1,827,151	2,433,696
Property and equipment - net	<u>1,651,143</u>	<u>-</u>	<u>1,651,143</u>	<u>1,692,858</u>
Total Non-current Assets	<u>3,729,514</u>	<u>10,000</u>	<u>3,739,514</u>	<u>4,418,414</u>
TOTAL ASSETS	<u><u>\$ 3,877,686</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 3,887,686</u></u>	<u><u>\$ 4,562,149</u></u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 31,235	\$ -	\$ 31,235	\$ 91,926
Accrued expenses	98,005	-	98,005	59,922
Deferred revenue	28,800	-	28,800	74,799
Loan payable	108,983	-	108,983	108,983
Line of credit	22,360	-	22,360	22,356
Advance due to officer	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>12,000</u>
Total Current Liabilities	<u>295,383</u>	<u>-</u>	<u>295,383</u>	<u>369,986</u>
Long-term Liabilities				
Loan payable - net of current portion	<u>911,707</u>	<u>-</u>	<u>911,707</u>	<u>911,707</u>
Total Liabilities	<u>1,207,090</u>	<u>-</u>	<u>1,207,090</u>	<u>1,281,693</u>
Net Assets				
Unrestricted	2,670,596	-	2,670,596	3,270,456
Permanently restricted	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total Net Assets	<u>2,670,596</u>	<u>10,000</u>	<u>2,680,596</u>	<u>3,280,456</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,877,686</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 3,887,686</u></u>	<u><u>\$ 4,562,149</u></u>

See accompanying notes to financial statements.

WORLD MEDICAL RELIEF INCORPORATED

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	2016
PUBLIC SUPPORT AND REVENUE					
Public Support					
United Way allocations	\$ 1,996	\$ -	\$ -	\$ 1,996	\$ 1,621
Contributions					
Donated medical equipment, prescription drugs and supplies	29,561,329	-	-	29,561,329	29,150,338
Donated services	151,519	-	-	151,519	167,886
General contributions	199,928	51,197	-	251,125	151,668
Government grants	59,097	-	-	59,097	155,205
Special events - net	38,180	-	-	38,180	20,795
	30,012,049	51,197	-	30,063,246	29,647,513
Net assets released from restrictions	51,197	(51,197)	-	-	-
Total Public Support	30,063,246	-	-	30,063,246	29,647,513
Revenue					
Handling service charge	543,877	-	-	543,877	549,284
Prescription service charge	100,008	-	-	100,008	115,671
Investment income and other	39,401	-	-	39,401	25,330
Durable medical equipment service	10,147	-	-	10,147	12,417
Rental income	3,318	-	-	3,318	4,858
Total Revenue	696,751	-	-	696,751	707,560
TOTAL PUBLIC SUPPORT AND REVENUE	30,759,997	-	-	30,759,997	30,355,073
EXPENSES					
Program services	30,609,678	-	-	30,609,678	30,276,996
Management and general	68,632	-	-	68,632	146,244
Fund raising	76,955	-	-	76,955	93,620
TOTAL EXPENSES	30,755,265	-	-	30,755,265	30,516,860
OPERATING EXCESS (DEFICIT)	4,732	-	-	4,732	(161,787)
OTHER CHANGES IN NET ASSETS					
Adjustment to medical equipment supplies	(604,592)	-	-	(604,592)	44,414
DECREASE IN NET ASSETS	(599,860)	-	-	(599,860)	(117,373)
NET ASSETS, beginning of year	3,270,456	-	10,000	3,280,456	3,397,829
NET ASSETS, end of year	\$ 2,670,596	\$ -	\$ 10,000	\$ 2,680,596	\$ 3,280,456

See accompanying notes to financial statements.

WORLD MEDICAL RELIEF INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	Program Services		Supporting Services		Total	
	Local	International	Management and General	Fund Raising	2017	2016
Salaries	\$ 289,032	\$ 146,712	\$ 39,632	\$ 47,475	\$ 522,851	\$ 605,517
Payroll taxes	23,329	11,842	3,199	3,832	42,202	50,178
Employee benefits	40,880	20,751	5,605	6,715	73,951	89,078
Donated services	-	151,519	-	-	151,519	167,886
Donated medical equipment supplies	2,867,215	26,694,114	-	-	29,561,329	29,150,338
Purchases	35,417	5,765	-	-	41,182	79,478
Insurance	15,114	5,813	1,163	1,163	23,253	61,901
Office supplies and expenses	10,623	5,392	1,456	1,745	19,216	9,680
Program supplies	14,962	4,987	-	-	19,949	3,798
Dues, licenses and permits	1,001	508	137	164	1,810	1,467
Outside services	44,875	22,797	6,153	7,371	81,196	18,780
Utilities	19,277	19,277	2,142	2,142	42,838	51,275
Maintenance	13,311	13,311	1,479	1,479	29,580	80,031
Vehicle	3,311	7,726	-	-	11,037	15,013
Telephone	7,040	1,625	1,082	1,083	10,830	9,835
Postage and delivery	25,840	2,836	945	1,891	31,512	16,359
Training and conferences	325	165	45	53	588	1,412
Bad debt	-	-	-	-	-	16,300
Interest	16,574	16,574	1,842	1,842	36,832	35,918
Total Functional Expenses						
Before Depreciation	3,428,126	27,131,714	64,880	76,955	30,701,675	30,464,244
Depreciation	41,800	8,038	3,752	-	53,590	52,616
Total Functional Expenses	<u>\$ 3,469,926</u>	<u>\$ 27,139,752</u>	<u>\$ 68,632</u>	<u>\$ 76,955</u>	<u>\$ 30,755,265</u>	<u>\$ 30,516,860</u>

See accompanying notes to financial statements.

WORLD MEDICAL RELIEF INCORPORATED

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (599,860)	\$ (117,373)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	53,590	52,616
Net gain on endowment fund	(1,074)	(198)
Unrealized (gain) loss on investments	(3,000)	1,000
Gain on sale and disposal of assets - net	-	(1,168)
Change in donated medical equipment supplies	604,592	(44,414)
(Increase) decrease in operating assets		
Accounts receivable	69,748	(63,117)
Inventory	1,953	4,192
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(22,608)	24,488
Deferred revenue	(45,999)	(55,682)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	57,342	(199,656)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(11,875)	-
Principal payments received on land contract	33,403	28,929
NET CASH PROVIDED BY INVESTING ACTIVITIES	21,528	28,929
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of credit advances and payments - net	4	22,356
Proceeds from loan payable	-	82,748
Proceeds from loan payable - officer	-	12,000
Payments on loan payable - officer	(6,000)	-
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(5,996)	117,104
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	72,874	(53,623)
CASH AND CASH EQUIVALENTS, beginning of year	3,622	57,245
CASH AND CASH EQUIVALENTS, end of year	\$ 76,496	\$ 3,622
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 36,832	\$ 35,918

See accompanying notes to financial statements.

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

World Medical Relief Incorporated (the Organization) is a Michigan nonprofit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation.

The Organization was established for the purpose of obtaining contributions of medical and dental supplies, equipment, and prescription drugs for distribution to individuals, clinics, and hospitals throughout the world for the benefit of indigent persons. Most of these contributions consist of numerous and varying gifts in-kind.

The Organization's program and supporting services are as follows:

Program Services

International Program – The Organization ships medical supplies, equipment, and prescription drugs throughout the world for the benefit of indigent persons.

Local Programs – Local programs consist of the following:

- Affordable Prescription Program – The prescription program provides monthly prescription drugs to needy area citizens.
- Medical Supply Service – The medical supply service provides diapers and blue pads to the metropolitan Detroit community.
- Durable Medical Equipment Service – The durable medical equipment service assists individuals of all ages who are financially unable to obtain medical equipment including canes, walkers, and hospital beds.
- Other Services – New blankets and hygiene kits are provided to the local area homeless, domestic violence victims, and runaway shelter programs.

Management and General

This includes the functions necessary to maintain an adequate working environment, provide proper administrative support of the Organization's programs, and manage the financial and budgeting responsibilities of the Organization.

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Organization (continued)

Fund Raising

This provides the structure necessary to encourage and secure support from individuals, foundations and government agencies.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted Net Assets - net assets that are not subject to "donor-imposed" time or purpose restrictions.

Temporarily Restricted Net Assets - net assets subject to "donor-imposed" restrictions that may or will be met by actions of the Organization and/or the passage of time. Restrictions that expire with the passage of time or can be removed by accomplishing certain requirements are classified as temporarily restricted net assets. There are no temporarily restricted net assets at December 31, 2017.

Permanently Restricted Net Assets - net assets subject to "donor-imposed" restrictions that they be maintained in perpetuity. Restrictions that require an asset be invested and only allow the income to be used are classified as permanently restricted net assets.

Earnings, gains and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Use of Estimates

The preparation of financial statements in conformity with 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 reported period. Actual results could differ from those estimates.

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

The Organization considers accounts receivable to be fully collectible at December 31, 2017. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value.

Medical Equipment Supplies

The Organization's medical equipment supplies consist primarily of donated medical and dental supplies, equipment, and prescription drugs. Management values medical equipment supplies on hand based on distributions in the subsequent months. The Organization values donated medical and dental supplies and equipment at fair value. Prescription drugs are valued at cost when purchased or estimated retail value when donated.

Property and Equipment

Property and equipment are carried at cost or, if donated, at fair market value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of five to thirty-nine years. The Organization's policy is to capitalize acquisitions of \$2,500 or more. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Revenue and Support

Revenue from governmental grant awards under expense reimbursement programs is recognized in the period during which the related expenses are incurred. In cases where expenses are incurred in advance of receiving the grant, revenue and accounts receivable are recorded in the period during which the expenses are incurred. In cases where grants are received in advance of incurring the expenses, deferred revenue is recorded in the period during which the advance is received and recognized as income when the related expenses are incurred.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Support (continued)

The Organization reports gifts of cash and other assets as 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 to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Functional Classification of Expenses

Direct expenses which can be clearly defined as incurred for a specific program are charged to that program. Indirect expenses are allocated to program and supporting services based on time and use analysis by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Fair Value Disclosure

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS

Various inputs may be used in determining the fair value of the Organization's assets and liabilities measured on a recurring basis. These inputs are market-based measurements based on and determined by the assumptions that market participants would use in pricing an asset or a liability and are summarized into three levels:

- Level (1): Inputs to the valuation methodology are quoted prices for identical assets in active markets.
- Level (2): Inputs to the valuation methodology include quoted prices for similar assets in active markets, and inputs that are observable for the asset, either directly or indirectly.
- Level (3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement (including the Organization's own assumptions in determining the fair value of an asset or a liability).

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about projections market participants would use in developing a price that would be received to sell an asset or paid to transfer a liability based on the best information available in the circumstances. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (continued)

The following table summarizes the Organization's inputs used to determine their values on December 31, 2017:

	Level 1	Level 2	Level 3
Beneficial interest in perpetual endowment	\$ -	\$ 11,924	\$ -
Medical equipment supplies	-	-	1,827,151
Partnership interest	-	-	51,000
	<u>\$ -</u>	<u>\$ 11,924</u>	<u>\$ 1,878,151</u>

The following table summarizes the change in the fair values for Level 3 assets for the year ended December 31, 2017:

	Medical Equipment Supplies	Partnership Interest
Balance at December 31, 2016	\$ 2,433,696	\$ 48,000
Change in inventory	(606,545)	-
Change in market value	<u>-</u>	<u>3,000</u>
Balance at December 31, 2017	<u>\$ 1,827,151</u>	<u>\$ 51,000</u>

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

3. ENDOWMENT FUND

The Organization entered into an agreement with the Community Foundation for Southeast Michigan (CFSEM) to establish an endowment fund. The fund was created with the proceeds from an unrestricted contribution of \$10,000 that the Organization had received. In accordance with FASB ASC 958-605-25-24, *Transfer of Assets to a Non-Profit or Charitable Trust That Raises or Holds Contributions for Others*, this portion of the fund, known as the reciprocal portion, has been recorded as an asset on the books of the Organization, even though CFSEM may have variance power over the asset. In addition to the reciprocal transfer made by the Organization, third party donors have also made contributions to the fund for the benefit of the Organization. CFSEM maintains explicit variance power over any third party gifts and the earnings thereon. As a result, in accordance with FASB ASC 958, this amount is not recorded as an asset of the Organization. Fund investments are determined by the trustee of CFSEM and earnings are available for distribution to the Organization for operations at the discretion of CFSEM. The market value of the contributed portion of the fund (contributions from third party donors plus net earnings) has been calculated by CFSEM and is shown below as amount allocable to the contributed amount of the fund. As of December 31, 2017, the endowment fund's balance is as follows:

	Amount allocable to the reciprocal transfer amount	Amount allocable to the contributed amount of the fund	Total
Market value at December 31, 2016	\$ 10,850	\$ 736	\$ 11,586
Contributions	-	-	-
Change in investment	1,708	116	1,824
Grant funds distributed	(506)	(34)	(540)
Fees	(128)	(9)	(137)
Market value at December 31, 2017	<u>\$ 11,924</u>	<u>\$ 809</u>	<u>\$ 12,733</u>

4. LAND CONTRACT RECEIVABLE

Terms of the land contract include monthly payments of principal and interest in the amount of \$3,798 through October 1, 2023. Interest is recognized at the rate of 5% per annum. The land contract is secured by the property at 11707 – 11754 Rosa Parks Boulevard in Detroit, Michigan.

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

5. PROPERTY AND EQUIPMENT

At December 31, 2017, property and equipment consist of the following:

	Beginning Balance	Additions	Dispositions	Ending Balance
Building and improvements	\$ 1,726,232	\$ 3,000	\$ -	\$ 1,729,232
Machinery and equipment	32,388	2,517	-	34,905
Vehicles	47,730	6,358	-	54,088
	<u>\$ 1,806,350</u>	<u>\$ 11,875</u>	<u>\$ -</u>	<u>1,818,225</u>
Less accumulated depreciation				<u>167,082</u>
				<u>\$ 1,651,143</u>

6. LEASE COMMITMENTS

The Organization leases office equipment under lease agreements expiring on various dates through 2019.

Future minimum lease payments are as follows for the years ending December 31:

2018	\$ 14,534
2019	<u>8,787</u>
	<u>\$ 23,321</u>

For the year ended December 31, 2017, rental expense under these lease agreements was approximately \$14,500.

7. LINE OF CREDIT

The Organization has a \$25,000 line of credit, of which approximately \$2,600 was unused at December 31, 2017. Borrowings under this line of credit bear interest at 2.25% over the bank's prime rate (total rate of 9.75% at December 31, 2017) and are due on demand. Borrowings are secured by the receivables of the Organization.

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

8. LOAN PAYABLE

The loan is payable to The Irene M. Auberlin Foundation (see note 11) in monthly installments of \$6,001 including interest at 3.49% beginning October 2016 with a final payment due September 2034. The loan is secured by the property at 21725 Melrose Avenue, Southfield, Michigan.

Subsequent to the end of the year, the Organization negotiated a sale leaseback of its land, building, and leasehold improvements to the Auberlin Foundation in exchange for forgiveness of the mortgage payable and related interest owed thereon. The lease terms provide for payments equal to \$1 per year for the period of 50 years terminating on October 1, 2068.

9. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of donor-restricted assets (endowments) of which only the income can be spent. Unrealized gains and losses are recorded as unrestricted income.

10. DONATED SERVICES

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In 2017, the Organization received approximately 2,600 hours of volunteer professional services valued at approximately \$151,500.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received approximately 13,000 hours of nonprofessional volunteer time in 2017 with an estimated value of \$301,000. This amount is not recognized in the statement of activities because the criteria for recognition under ASC 958-605 has not been satisfied.

11. FOUNDATION

In 1988, as the result of a bequest from an estate, the Organization established The Irene M. Auberlin Foundation (the Foundation). The Foundation provides distributions and grants to tax-exempt, nonprofit organizations that supply medical and dental supplies, equipment, and drugs for the benefit of indigent persons or for other such charitable and educational purposes as the Foundation's Board of Trustees shall deem proper. The Foundation's Board of Trustees are members of the Organization's Executive Committee. As of December 31, 2017, the unaudited total assets and total net assets of the Foundation were approximately \$1,178,000, respectively, of which approximately \$1,068,000 is mortgage principal and accrued interest receivable from World Medical Relief.

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

12. SPECIAL EVENTS

Revenue from special events was \$58,141 with related expenses of \$19,961 for the year ended December 31, 2017.

13. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year are as follows:

Purpose restriction accomplished	
Affordable Prescription Program	\$ 35,000
Blankets	<u>16,197</u>
	<u>\$ 51,197</u>

14. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in one financial institution in Michigan. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2017, the cash balances are fully insured.

The Organization also maintains cash balances in money market funds, which are not insured by the FDIC. At December 31, 2017, the uninsured money market funds totaled approximately \$47,100.

15. COMPARATIVE FINANCIAL INFORMATION

The 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. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016 from which the summarized information was derived.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 12, 2018, the date the financial statements were available to be issued.