

**WORLD MEDICAL RELIEF
INCORPORATED**

FINANCIAL STATEMENTS

DECEMBER 31, 2020

PRELIMINARY

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

WORLD MEDICAL RELIEF INCORPORATED

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PRELIMINARY

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, 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 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, 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 World Medical Relief Incorporated's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 9, 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.

October 29, 2021

WORLD MEDICAL RELIEF INCORPORATED

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020, WITH COMPARATIVE TOTALS FOR 2019

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 73,710	\$ 73,216	\$ 146,926	\$ 34,276
Accounts receivable	36,103	-	36,103	51,274
Land contract receivable	40,319	-	40,319	38,356
Advance	-	-	-	350
Prepaid expenses	5,773	-	5,773	2,769
Total Current Assets	<u>155,905</u>	<u>73,216</u>	<u>229,121</u>	<u>127,025</u>
Non-current Assets				
Investments	50,000	-	50,000	50,000
Beneficial interest	4,934	10,000	14,934	13,300
Land contract receivable - net of current portion	83,131	-	83,131	123,450
Medical equipment supplies	2,275,126	-	2,275,126	2,326,510
Property and equipment - net	72,305	-	72,305	97,827
Total Non-current Assets	<u>2,485,496</u>	<u>10,000</u>	<u>2,495,496</u>	<u>2,611,087</u>
TOTAL ASSETS	<u>\$ 2,641,401</u>	<u>\$ 83,216</u>	<u>\$ 2,724,617</u>	<u>\$ 2,738,112</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 30,217	\$ -	30,217	\$ 29,461
Accrued expenses	74,439	-	74,439	59,340
Deferred revenue	127,239	-	127,239	129,000
Line of credit	22,180	-	22,180	22,180
Notes payable	19,570	-	19,570	18,272
Total Current Liabilities	<u>273,645</u>	<u>-</u>	<u>273,645</u>	<u>258,253</u>
Long-term Liabilities				
Notes payable - net of current portion	33,814	-	33,814	53,172
Total Liabilities	<u>307,459</u>	<u>-</u>	<u>307,459</u>	<u>311,425</u>
Net Assets				
Without donor restrictions	2,333,942	-	2,333,942	2,358,508
With donor restrictions	-	83,216	83,216	68,179
Total Net Assets	<u>2,333,942</u>	<u>83,216</u>	<u>2,417,158</u>	<u>2,426,687</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,641,401</u>	<u>\$ 83,216</u>	<u>\$ 2,724,617</u>	<u>\$ 2,738,112</u>

See accompanying notes to financial statements.

WORLD MEDICAL RELIEF INCORPORATED

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020, WITH COMPARATIVE TOTALS FOR 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
PUBLIC SUPPORT AND REVENUE				
Public Support				
Contributions				
Donated medical equipment, prescription drugs and supplies	\$ 33,160,179	\$ -	\$ 33,160,179	\$ 35,009,139
Donated services and facilities	105,130	-	105,130	164,341
General contributions	147,808	202,455	350,263	327,406
Governmental agency grants	71,507	-	71,507	62,590
CARES Act income	126,909	-	126,909	-
Special events - net	37,711	-	37,711	44,216
	<u>33,649,244</u>	<u>202,455</u>	<u>33,851,699</u>	<u>35,607,692</u>
Net assets released from restrictions	187,418	(187,418)	-	-
Total Public Support	<u>33,836,662</u>	<u>15,037</u>	<u>33,851,699</u>	<u>35,607,692</u>
Revenue				
Handling service charge	596,673	-	596,673	592,118
Prescription service charge	66,997	-	66,997	90,897
Investment income and other	24,729	-	24,729	27,970
Durable medical equipment service	15,692	-	15,692	8,732
Total Revenue	<u>704,091</u>	<u>-</u>	<u>704,091</u>	<u>719,717</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>34,540,753</u>	<u>15,037</u>	<u>34,555,790</u>	<u>36,327,409</u>
EXPENSES				
Program services	34,335,772	-	34,335,772	36,146,096
Management and general	94,501	-	94,501	87,791
Fund raising	82,761	-	82,761	79,792
TOTAL EXPENSES	<u>34,513,034</u>	<u>-</u>	<u>34,513,034</u>	<u>36,313,679</u>
OPERATING EXCESS	<u>27,719</u>	<u>15,037</u>	<u>42,756</u>	<u>13,730</u>
OTHER CHANGES IN NET ASSETS				
Adjustment to medical equipment supplies	(52,285)	-	(52,285)	(159,518)
DECREASE IN NET ASSETS	<u>(24,566)</u>	<u>15,037</u>	<u>(9,529)</u>	<u>(145,788)</u>
NET ASSETS, beginning of year	<u>2,358,508</u>	<u>68,179</u>	<u>2,426,687</u>	<u>2,572,475</u>
NET ASSETS, end of year	<u>\$ 2,333,942</u>	<u>\$ 83,216</u>	<u>\$ 2,417,158</u>	<u>\$ 2,426,687</u>

See accompanying notes to financial statements.

WORLD MEDICAL RELIEF INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020, WITH COMPARATIVE TOTALS FOR 2019

	Program Services		Supporting Services		Total	
	Local	International	Management and General	Fund Raising	2020	2019
Salaries	\$ 351,936	\$ 166,170	\$ 56,976	\$ 51,028	\$ 626,110	\$ 621,945
Payroll taxes	24,276	11,462	3,930	3,520	43,188	48,593
Employee benefits	29,692	14,020	4,807	4,305	52,824	50,154
Donated services and facilities	19,440	81,370	2,592	1,728	105,130	164,341
Donated medical equipment supplies	2,291,779	30,868,400	-	-	33,160,179	35,009,139
Purchases	70,746	11,517	-	-	82,263	41,178
Insurance	26,149	10,057	2,012	2,011	40,229	40,501
Office supplies and expenses	24,943	11,777	4,038	3,617	44,375	36,172
Program supplies	21,144	7,048	-	-	28,192	22,975
Dues, licenses and permits	3,064	1,447	496	444	5,451	2,786
Outside services	88,037	28,294	8,986	8,049	133,366	88,796
Utilities	24,066	24,066	3,209	2,139	53,480	51,378
Maintenance	28,438	28,438	3,792	2,528	63,196	47,744
Vehicle	4,536	10,585	-	-	15,121	18,524
Telephone	6,780	1,564	1,043	1,043	10,430	10,781
Postage and delivery	10,862	1,192	397	796	13,247	15,135
Training and conferences	1,947	919	315	282	3,463	5,254
Specific assistance	-	1,000	-	-	1,000	-
Interest	2,821	2,821	376	250	6,268	7,811
Total Functional Expenses						
Before Depreciation	3,030,656	31,282,147	92,969	81,740	34,487,512	36,283,207
Depreciation	11,484	11,485	1,532	1,021	25,522	30,472
Total Functional Expenses	\$ 3,042,140	\$ 31,293,632	\$ 94,501	\$ 82,761	\$ 34,513,034	\$ 36,313,679

See accompanying notes to financial statements.

WORLD MEDICAL RELIEF INCORPORATED

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020, WITH COMPARATIVE TOTALS FOR 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (9,529)	\$ (145,788)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	25,522	30,472
Net gain on endowment fund	(1,634)	(2,039)
Change in donated medical equipment supplies	52,285	159,518
(Increase) decrease in operating assets		
Accounts receivable	15,171	(23,349)
Inventory	(901)	(2,995)
Advance	350	650
Prepaid expenses	(3,004)	(2,769)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	15,855	(51,095)
Deferred revenue	(1,761)	(32,950)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>92,354</u>	<u>(70,345)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal payments received on land contract	<u>38,356</u>	<u>36,490</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>38,356</u>	<u>36,490</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	<u>(18,060)</u>	<u>(17,168)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(18,060)</u>	<u>(17,168)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	112,650	(51,023)
CASH AND CASH EQUIVALENTS, beginning of year	<u>34,276</u>	<u>85,299</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 146,926</u>	<u>\$ 34,276</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ 6,268</u>	<u>\$ 7,811</u>

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

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are subject to donor-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, such as those that the donor stipulates that resources be maintained in perpetuity.

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)

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.

Accounts Receivable

The Organization considers accounts receivable to be fully collectible at December 31, 2020. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

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.

Investments

Investments are recorded at fair value, or for gifts, market value at the date of the gift. The unrealized gains and losses are reported in the statement of financial position and statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law. Investment losses reduce net assets with donor restrictions to the extent that donor imposed restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining losses are reported as underwater funds.

Property and Equipment

Property and equipment are carried at cost or, if donated, at fair value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of five to seven 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.

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Support

Agency contract arrangements with foundations, corporations or governmental agencies constitute and are accounted for as conditional contributions since the resource provider does not receive commensurate value for the consideration received by the Organization; rather, the purpose of an arrangement is for the benefit of the general public. Revenue is recognized when the condition is satisfied. Conditions are satisfied based on incurring qualified expenses, and/or satisfying a milestone, and/or execution of other deliverable units of service. A refundable advance is recorded when the Organization receives assets (i.e. cash) in advance of the satisfaction of the conditions within these arrangements. As of December 31, 2020, there were no refundable advances recorded for agency contracts.

Retroactive determination of allowable costs by resource providers may result in final settlements different from interim payments for reimbursable services submitted by the Organization. Revenue is reported at the estimated net realizable amounts from resource providers for services rendered, including estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Under ASU 2018-08, the Organization elects to report restricted contributions that were initially conditional and for which both the condition and the restriction simultaneously occur, as increases in net assets without donor restrictions.

The Organization reports unconditional gifts of cash and other assets as support with donor restrictions, 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), 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.

The Organization reports gifts of equipment as support without donor restrictions 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.

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Classification of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Directly identifiable expenses are charged to the associated program and supporting services. Certain indirect costs have been allocated among the programs and supporting services benefited. Personnel and related costs are allocated based on estimates of time and effort. Other costs, such as occupancy, are allocated on a square footage basis.

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.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year end	\$ 371,413
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(73,216)
Donor restricted endowment funds	<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 288,197</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization also could draw from its line of credit, which has \$2,820 available (as further discussed in Note 8).

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

3. 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.

The following table summarizes the Organization's inputs used to determine their values on December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in perpetual endowment	\$ -	\$ 14,934	\$ -
Medical equipment supplies	-	-	2,275,126
Partnership interest	-	-	50,000
	<u>\$ -</u>	<u>\$ 14,934</u>	<u>\$ 2,325,126</u>

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

3. FAIR VALUE MEASUREMENTS (continued)

The following table summarizes the change in the fair values for Level 3 assets for the year ended December 31, 2020:

	Medical Equipment Supplies	Partnership Interest
Balance at December 31, 2019	\$ 2,326,510	\$ 50,000
Change in inventory	(51,384)	-
Change in market value	-	-
Balance at December 31, 2020	<u>\$ 2,275,126</u>	<u>\$ 50,000</u>

4. 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 a contribution without donor restrictions 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, 2020, 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, 2019	\$ 13,300	\$ 904	\$ 14,204
Contributions	-	-	-
Change in investment	1,694	115	1,809
Grant funds distributed	-	-	-
Fees	(60)	(4)	(64)
Market value at December 31, 2020	<u>\$ 14,934</u>	<u>\$ 1,015</u>	<u>\$ 15,949</u>

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

5. 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.

6. PROPERTY AND EQUIPMENT

At December 31, 2020, property and equipment consist of the following:

	Beginning Balance	Additions	Dispositions	Ending Balance
Machinery and equipment	\$ 34,905	\$ -	\$ -	\$ 34,905
Vehicles	176,354	-	-	176,354
	<u>\$ 211,259</u>	<u>\$ -</u>	<u>\$ -</u>	211,259
Less accumulated depreciation				<u>138,954</u>
				<u>\$ 72,305</u>

7. LEASE COMMITMENTS

The Organization leases office equipment under lease agreements expiring on various dates through 2023.

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

2021	\$ 14,329
2022	10,241
2023	<u>1,952</u>
	<u>\$ 26,522</u>

For the year ended December 31, 2020, rental expense under these lease agreements was approximately \$15,200.

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

8. LINE OF CREDIT

The Organization has a \$25,000 line of credit, of which approximately \$2,800 was unused at December 31, 2020. Borrowings under this line of credit bear interest at 5.25% over the bank's prime rate (total rate of 8.50% at December 31, 2020) and are due on demand. Borrowings are secured by the receivables of the Organization.

9. NOTES PAYABLE

The Organization is financing the purchase of vehicles due in monthly payments of \$1,046 and \$838 with interest of 6.799% and 6.974%, respectively.

2021	\$ 22,608
2022	17,580
2023	12,552
2024	<u>6,276</u>
Total minimum payments	59,016
Less amount representing interest	<u>5,632</u>
Present value of minimum payments	53,384
Less current portion	<u>19,570</u>
Long-term portion	<u><u>\$ 33,814</u></u>

10. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020, net assets with donor restrictions, consisting of cash and beneficial interest are available for the following:

Subject to expenditure for specified purpose:	
Roof capital campaign	\$ 58,279
Affordable Prescription Program	13,850
Blankets	<u>1,087</u>
	73,216
Not subject to appropriation or expenditure:	
Beneficial interest	<u>10,000</u>
	<u><u>\$ 83,216</u></u>

WORLD MEDICAL RELIEF INCORPORATED

NOTES TO FINANCIAL STATEMENTS

11. 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 2020, the Organization received approximately 1,200 hours of volunteer professional services valued at approximately \$61,900, and received in-kind rent of \$43,200.

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 11,000 hours of nonprofessional volunteer time in 2020 with an estimated value of \$280,100. This amount is not recognized in the statement of activities because the criteria for recognition under ASC 958-605 has not been satisfied.

12. 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, 2020, the unaudited total assets and total net assets of the Foundation were approximately \$1,670,500, respectively. During 2020, the Foundation provided in-kind rent to the Organization valued at \$43,200.

13. SPECIAL EVENTS

Revenue from special events was \$47,276 with related expenses of \$9,565 for the year ended December 31, 2020.

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NOTES TO FINANCIAL STATEMENTS

14. 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:

Subject to expenditures for specified purpose:	
Affordable Prescription Program	\$ 174,150
Blankets	8,268
Local program - hygiene kits	<u>5,000</u>
	<u>\$ 187,418</u>

15. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions in Michigan. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. At December 31, 2020, the cash balances are fully insured.

16. 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, 2019 from which the summarized information was derived.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 29, 2021, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen, which could affect the Organization's operations both directly and indirectly through its impact on investment valuations, other funding sources, vendors, staff and contracted services. The financial effects on the Organization are not readily determinable. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.