



**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended December 31, 2017 and 2016**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
*Global Links*

We have audited the accompanying financial statements of Global Links (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, the related statements of activities, functional expenses, and cash flows for the years 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 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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Links as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of activities by asset class with comparative totals is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The 2015 information on the schedule of activities by asset class with comparative totals was subjected to the auditing procedures applied in the 2015 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2015 financial statements as a whole.

*Delisi, Keenan & Associates, P.C.*

Greensburg, Pennsylvania

June 1, 2018

**Global Links**  
**Statements of Financial Position**  
**December 31, 2017 and 2016**

**Assets**

	2017	2016
<b>Current Assets</b>		
Cash and cash equivalents	\$ 441,458	\$ 349,588
Investments	677,138	931,453
Accounts receivable	126,973	39,281
Contributions receivable	-	13,346
Inventory	3,487,502	3,789,858
Prepaid expenses	18,474	17,966
<b>Total Current Assets</b>	4,751,545	5,141,492
<b>Property and Equipment</b>		
Building and improvements	2,485,910	2,485,910
Furniture, fixtures, and equipment	269,516	267,666
	2,755,426	2,753,576
Accumulated depreciation	(505,359)	(418,559)
<b>Net Property and Equipment</b>	2,250,067	2,335,017
<b>Other Assets</b>		
Contributions receivable	-	11,500
Loan origination fees, net of accumulated amortization (2017 - \$2,678; 2016 - \$1,945)	8,806	5,591
<b>Total Other Assets</b>	8,806	17,091
<b>Total Assets</b>	\$ 7,010,418	\$ 7,493,600
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 70,306	\$ 26,111
Deferred revenue	240,160	283,452
Current portion of long-term debt	120,000	120,000
<b>Total Current Liabilities</b>	430,466	429,563
<b>Noncurrent Liabilities</b>		
Long-term debt	1,080,000	1,200,000
<b>Total Liabilities</b>	1,510,466	1,629,563
<b>Net Assets</b>		
Unrestricted	5,410,189	5,703,447
Temporarily restricted	89,763	160,590
Permanently restricted	-	-
<b>Total Net Assets</b>	5,499,952	5,864,037
<b>Total Liabilities and Net Assets</b>	\$ 7,010,418	\$ 7,493,600

See accompanying notes.

**Global Links**  
**Statement of Activities**  
**Year Ended December 31, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Other Support</b>			
Donated materials and supplies	\$ 3,502,304	\$ -	\$ 3,502,304
Contributions and grants	1,068,125	168,190	1,236,315
Miscellaneous sales and other	103,499	-	103,499
Interest and dividends	22,061	-	22,061
Realized gain on investments	32,701	-	32,701
Net unrealized appreciation of investments	37,514	-	37,514
Special events, net of expenses of \$1,545	6,535	-	6,535
In-kind contributions	4,040	-	4,040
Net assets released from restrictions	219,017	(219,017)	-
<b>Total Revenue and Other Support</b>	<b>4,995,796</b>	<b>(50,827)</b>	<b>4,944,969</b>
<b>Operating Expenses and Losses</b>			
Program services	4,968,561	-	4,968,561
Management and general	199,835	-	199,835
Fundraising	120,658	-	120,658
Bad debt loss	-	20,000	20,000
<b>Total Operating Expenses and Losses</b>	<b>5,289,054</b>	<b>20,000</b>	<b>5,309,054</b>
<b>Change In Net Assets</b>	<b>(293,258)</b>	<b>(70,827)</b>	<b>(364,085)</b>
<b>Net Assets at Beginning of Year</b>	<b>5,703,447</b>	<b>160,590</b>	<b>5,864,037</b>
<b>Net Assets at End of Year</b>	<b>\$ 5,410,189</b>	<b>\$ 89,763</b>	<b>\$ 5,499,952</b>

See accompanying notes.

**Global Links**  
**Statement of Activities**  
**Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Other Support</b>			
Donated materials and supplies	\$ 3,047,199	\$ -	\$ 3,047,199
Contributions and grants	1,147,827	135,744	1,283,571
Miscellaneous sales and other	92,551	-	92,551
Interest and dividends	23,661	-	23,661
Realized loss on investments	(23,225)	-	(23,225)
Net unrealized appreciation of investments	27,264	-	27,264
Special events, net of expenses of \$18,525	38,697	-	38,697
In-kind contributions	4,158	-	4,158
Net assets released from restrictions	4,310	(4,310)	-
<b>Total Revenue and Other Support</b>	4,362,442	131,434	4,493,876
<b>Operating Expenses</b>			
Program services	4,115,484	-	4,115,484
Management and general	200,670	-	200,670
Fundraising	119,366	-	119,366
<b>Total Operating Expenses</b>	4,435,520	-	4,435,520
<b>Change In Net Assets</b>	(73,078)	131,434	58,356
<b>Net Assets at Beginning of Year</b>	5,776,525	29,156	5,805,681
<b>Net Assets at End of Year</b>	\$ 5,703,447	\$ 160,590	\$ 5,864,037

See accompanying notes.

***Global Links***  
**Statement of Functional Expenses**  
**Year Ended December 31, 2017**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Materials, supplies, and equipment shipped	\$ 3,890,490	\$ -	\$ -	\$ 3,890,490
Personnel salaries and wages	537,321	84,922	81,984	704,227
Personnel benefits	87,801	12,253	14,101	114,155
Depreciation and amortization	74,714	12,819	-	87,533
Consulting and professional fees	26,813	39,695	1,259	67,767
Office supplies and expenses	20,427	5,915	317	26,659
Outreach activities	9,999	-	-	9,999
Postage and delivery	525	187	1	713
Miscellaneous	601	672	50	1,323
Printing, dues, and publications	-	2,450	18,634	21,084
Insurance	-	25,077	-	25,077
Shipping costs	200,498	-	-	200,498
Warehouse expenses	51,464	9,251	-	60,715
Interest expense	36,470	5,086	4,261	45,817
Travel, conferences, and training	28,239	1,508	51	29,798
Medical equipment refurbishment	3,199	-	-	3,199
	<u>3,199</u>	<u>-</u>	<u>-</u>	<u>3,199</u>
<b>Total Expenses</b>	<u>\$ 4,968,561</u>	<u>\$ 199,835</u>	<u>\$ 120,658</u>	<u>\$ 5,289,054</u>

See accompanying notes.



***Global Links***  
**Statement of Functional Expenses**  
**Year Ended December 31, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Materials, supplies, and equipment shipped	\$ 3,170,369	\$ -	\$ -	\$ 3,170,369
Personnel salaries and wages	509,645	106,018	88,707	704,370
Personnel benefits	41,163	5,770	7,241	54,174
Depreciation and amortization	61,965	18,931	-	80,896
Consulting and professional fees	18,516	24,220	1,322	44,058
Office supplies and expenses	22,805	9,107	-	31,912
Outreach activities	14,511	-	-	14,511
Postage and delivery	682	322	-	1,004
Miscellaneous	162	741	-	903
Printing, dues, and publications	125	2,700	22,054	24,879
Insurance	-	24,383	-	24,383
Shipping costs	161,210	-	-	161,210
Warehouse expenses	47,128	2,971	-	50,099
Interest expense	40,313	2,102	-	42,415
Travel, conferences, and training	24,177	3,405	42	27,624
Medical equipment refurbishment	2,713	-	-	2,713
	<u>2,713</u>	<u>-</u>	<u>-</u>	<u>2,713</u>
<b>Total Expenses</b>	<b><u>\$ 4,115,484</u></b>	<b><u>\$ 200,670</u></b>	<b><u>\$ 119,366</u></b>	<b><u>\$ 4,435,520</u></b>

See accompanying notes.

*Global Links*  
**Statements of Cash Flows**  
**Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (364,085)	\$ 58,356
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	87,533	80,896
Write off of uncollectible pledges	20,000	-
Unrealized appreciation of investments	(37,514)	(27,264)
Realized (gain) loss on sale of investments	(32,701)	23,225
(Increase) Decrease in accounts receivable	(87,692)	606
(Increase) Decrease in contributions receivable	4,846	4,310
(Increase) Decrease in inventory	302,356	90,049
(Increase) Decrease in prepaid expenses	(508)	16,822
Increase (Decrease) in accounts payable and accrued expenses	44,195	(353)
Increase (Decrease) in deferred revenue	(43,292)	(14,406)
<b>Net Cash (Used) Provided by Operating Activities</b>	<u>(106,862)</u>	<u>232,241</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of fixed assets		
Building and improvements	-	(140)
Furniture, fixtures, and equipment	(1,850)	(94,550)
Amortized finance costs	(3,948)	-
Proceeds from sale of investments	519,011	358,312
Purchase of investments	(194,481)	(377,182)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>318,732</u>	<u>(113,560)</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of long-term debt	(120,000)	(120,000)
<b>Net Cash Used by Financing Activities</b>	<u>(120,000)</u>	<u>(120,000)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	91,870	(1,319)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>349,588</u>	<u>350,907</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 441,458</u>	<u>\$ 349,588</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid during the year for interest	<u>\$ 45,817</u>	<u>\$ 42,415</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

## *Global Links*

### **Notes to Financial Statements**

#### **Years Ended December 31, 2017 and 2016**

Global Links (“the Organization”) is a not-for-profit, medical relief and development organization dedicated to supporting health improvement initiatives in resource-poor communities, and promoting environmental stewardship in the U.S. healthcare system.

Global Links’ collaborative efforts include:

- Redirecting still-useful materials away from U.S. landfills to support public health programs in targeted communities throughout the hemisphere.
- Sharing expertise and technical knowledge with international and domestic partners.
- Educating partners, volunteers, and the community on issues of global health and environmental stewardship.

Founded in 1989, Global Links provides U.S. healthcare institutions and manufacturers with an environmentally and socially responsible alternative for the disposal of surplus medical materials, while simultaneously aiming to ensure that one hundred percent of the materials it provides through the programs are needed and can be used. Global Links is committed to collaborative, transparent engagement with the U.S. community and with international partners in all aspects of its programs.

#### **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.

##### Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments purchased with an original maturity of three months or less and cash held in checking, savings, money market accounts, and certificates of deposit.

*Global Links*  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**

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

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 losses, including realized gains and losses and unrealized appreciation and depreciation, 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 when applicable, permanently restricted net assets. At December 31, 2017 and 2016, money market balances held in investment accounts were reported as cash and cash equivalents.

Accounts Receivable

Accounts receivable represent amounts committed by grantors or others that have not been received by the Organization at year end. All amounts are due within one year. Management has determined that no allowance is necessary based on an analysis of each open account.

Contributions Receivable

Contributions receivable represent amounts committed by donors that have not been received by the Organization at year end. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Management has determined that no allowance is necessary based on an analysis of each open account.

Inventory

Inventory, representing donated and purchased materials awaiting shipment to partners or resource-poor communities, 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 statement of activities. All items included in inventory are to be used for program services and are not available for liquidation.

Property and Equipment

Buildings, 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 forty years for buildings and four to seven years for furniture, fixtures, and equipment. Depreciation expense was \$86,007 and \$80,409 for 2017 and 2016, respectively.

## *Global Links*

### **Notes to Financial Statements**

**Years Ended December 31, 2017 and 2016**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

##### Donated Materials, Supplies, and Equipment

Donations include materials, supplies, and equipment donated for use in resource-poor communities. The dollar value of such donations and the related “materials and supplies shipped” expense can fluctuate significantly from year to year. Global Links reports gifts of materials and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

##### 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 statement of activities as net assets released from restrictions. Contributions whose restrictions have been met in the same year are reported as unrestricted.

##### Grants

Grants generally represent monies received that are granted to cover the international and domestic medical aid program and administration expenses. 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. Grants represent a significant portion of revenues received by the Organization.

##### 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 the recognition criteria under generally accepted accounting principles were not met (see Note 9).

##### 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.

## Global Links

### Notes to Financial Statements

Years Ended December 31, 2017 and 2016

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

##### 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. Accordingly, no provisions for income taxes has been included.

In accordance with generally accepted accounting principles relative to uncertainty in income taxes, the Organization recognizes the income tax benefit (or liability), if applicable, from an uncertain tax position when it is more likely than not that, based on technical merits, the position will be sustained upon examination, including resolutions of any related appeals or litigation process. As of December 31, 2017 and 2016, no uncertain tax positions were noted.

The Organization's Form 990, *Return of Organization Exempt from Income Tax*, is generally subject to review and examination for three years after filing.

##### 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.

##### Subsequent Events

In preparing these financial statements, Global Links has evaluated events and transactions for potential recognition or disclosure through June 1, 2018, the date the financial statements were available to be issued.

#### **NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

##### Investments

The carrying amounts and market values of Global Links' investments at December 31, 2017 and 2016 are as follows:

	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Investments:				
Mutual funds	\$ 602,800	\$ 643,372	\$ 899,077	\$ 905,682
Common stock	19,868	33,766	19,868	25,771
Totals	<u>\$ 622,668</u>	<u>\$ 677,138</u>	<u>\$ 918,945</u>	<u>\$ 931,453</u>

*Global Links*  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**

**NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS – CONTINUED**

Investment income is comprised of the following at December 31:

	2017	2016
Unrealized appreciation	\$ 37,514	\$ 27,264
Realized gain (loss)	32,701	(23,225)
Interest and dividends	22,061	23,661
Totals	\$ 92,276	\$ 27,700

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements and the accompanying notes.

Fair Value

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to valuation include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

*Global Links*

**Notes to Financial Statements**

**Years Ended December 31, 2017 and 2016**

**NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS – CONTINUED**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Common stock	Valued at the quoted fair market value for shares held at year end.
Mutual funds	Valued at quoted net asset values (NAV) of the shares held at year end.
Donated inventory	Valued based on research of similar items on the internet with discounts, if applicable.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Global Links believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

	Fair Value as of December 31, 2017			
	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 643,372	\$ 643,372	\$ -	\$ -
Common stock	33,766	33,766	-	-
Total investments	677,138	677,138	-	-
Inventory	3,487,502	-	-	3,487,502
Totals	\$ <u>4,164,640</u>	\$ <u>677,138</u>	\$ <u>-</u>	\$ <u>3,487,502</u>

	Fair Value as of December 31, 2016			
	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 905,682	\$ 905,682	\$ -	\$ -
Common stock	25,771	25,771	-	-
Total investments	931,453	931,453	-	-
Inventory	3,789,858	-	-	3,789,858
Totals	\$ <u>4,721,311</u>	\$ <u>931,453</u>	\$ <u>-</u>	\$ <u>3,789,858</u>



*Global Links*

**Notes to Financial Statements**

**Years Ended December 31, 2017 and 2016**

**NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS – CONTINUED**

The following table presents changes in Global Links' Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 3,789,858	\$ 3,879,907
Donated and purchased	3,502,305	3,063,297
Shipments	<u>(3,804,661)</u>	<u>(3,153,346)</u>
Balance, end of year	<u>\$ 3,487,502</u>	<u>\$ 3,789,858</u>

**NOTE 3 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable are summarized as follows as of December 31, 2017 and 2016:

Contributions receivable expected to be collected in:	<u>2017</u>	<u>2016</u>
Less than one year	\$ -	\$ 13,346
One to five years	<u>-</u>	<u>11,500</u>
Totals	<u>\$ -</u>	<u>\$ 24,846</u>

Contributions receivable are recorded as temporarily restricted net assets at December 31, 2017 and 2016.

**NOTE 4 – CAPITAL CAMPAIGN**

During the year ended December 31, 2013, Global Links entered into a capital campaign. The purpose of the campaign is to raise \$3,166,000 for a new building that houses both operations and warehouse facilities. As of December 31, 2017, Global Links has raised \$2,620,638, of which \$0 and \$24,846 is receivable at December 31, 2017 and 2016, respectively.

During 2017, it was determined that \$20,000 would not be collected due to changing donor circumstances.

## *Global Links*

### **Notes to Financial Statements**

#### **Years Ended December 31, 2017 and 2016**

##### **NOTE 5 – DEFERRED REVENUE**

Global Links receives grants and contracts from private foundations and other organizations to be used for specific projects. The excess of any cash receipts over reimbursable expenses is included in deferred revenue. When expenses are incurred for the related projects, contributions and grants revenue is recognized in the statement of activities. For the years ended December 31, 2017 and 2016, \$258,753 and \$226,332, respectively, were recognized as contributions and grants revenue.

##### **NOTE 6 – LINE OF CREDIT**

From October 2015 to April 2017, Global Links maintained a line of credit with a regional bank with a maximum borrowing limit of \$500,000. Annual interest on the line of credit was based on the one-month LIBOR rate with a margin 2.5%. The agreement was secured by all assets of the Company and required the Company to maintain a debt service coverage ratio of 1.2 to 1.0 measured annually.

Global Links also maintains a line of credit with a regional bank that has a borrowing limit of \$100,000 with interest payable monthly on any outstanding balance. The annual rate of interest is based on the bank's prime rate plus 1.00 percentage point. This agreement is secured by all deposits Global Links maintains at the bank. The line of credit expires on June 30, 2019.

The outstanding balance on these lines of credit was \$0 at December 31, 2017 and 2016.

##### **NOTE 7 – LONG TERM DEBT**

Long-term debt consists of a mortgage note in the amount of \$1,800,000 payable to a local bank. The note requires 180 monthly payments of principal (\$10,000) plus interest, which is based on the one-month LIBOR rate plus 2.5 percentage (3.87% and 3.27% as of December 31, 2017 and 2016, respectively). The note is secured by real estate with a net book value of \$2,164,344 and \$2,226,626 and investments with a value of \$376,026 and \$907,282 at December 31, 2017 and 2016, respectively. Covenants to the note require Global Links to maintain a debt service coverage ratio of 1.2 and 1.0 measured annually.

As of December 31, 2017 and 2016, the total note balance was \$1,200,000 and \$1,320,000, respectively. At December 31, 2017, the total note balance was comprised of \$120,000 due within one year and \$1,080,000 due thereafter. At December 31, 2016, the total note balance was comprised of \$120,000 due within one year and \$1,200,000 due thereafter.

*Global Links*

**Notes to Financial Statements**

**Years Ended December 31, 2017 and 2016**

**NOTE 7 – LONG TERM DEBT – CONTINUED**

The aggregate payments required for annual periods subsequent to December 31, 2017 are as follows:

<u>Fiscal Year:</u>		<u>Principal</u>
2018	\$	120,000
2019		120,000
2020		120,000
2021		120,000
2022		120,000
2023-2027		600,000
Total	\$	<u>1,200,000</u>

Total interest expense on this note was \$45,357 and \$41,992 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 8 – NET ASSETS**

Temporarily restricted net assets were available for the following purposes:

	<u>2017</u>	<u>2016</u>
New offices and warehouse	\$ -	\$ 25,846
Community Partners program	89,763	90,798
Volunteers with disabilities	-	38,292
Maternal and infant health	-	5,654
Totals	<u>\$ 89,763</u>	<u>\$ 160,590</u>

Net assets released from donor restrictions during the years ended December 31, 2017 and 2016 were \$219,017 and \$4,310, respectively.

**NOTE 9 – VOLUNTEER SERVICES**

Global Links attracts an increasing number of volunteers to support our work. In 2017, the number of volunteers and hours donated reached an organizational high for the 4<sup>th</sup> year in a row.

These services were not recognized in the financial statements as they did not meet the accounting criteria.

*Global Links*  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**

**NOTE 9 – VOLUNTEER SERVICES – CONTINUED**

The following table details the community participation in the Organization’s mission.

	<u>2017</u>	<u>2016</u>
Global Links combined volunteer hours		
Individuals	9,336	8,332
Groups	<u>10,258</u>	<u>7,770</u>
Total volunteer hours	<u>19,594</u>	<u>16,102</u>
Number of individual persons volunteering at Global Links		
On their own	536	445
In a group	<u>3,875</u>	<u>3,064</u>
Total individual volunteers	<u>4,411</u>	<u>3,509</u>
Group visits		
Participating groups	132	132
Group volunteer visits	443	315

These services have been valued by management to be approximately \$484,000 and \$384,000 for the years ended December 31, 2017 and 2016, respectively, using the hourly rate established by Independent Sector for the Commonwealth of Pennsylvania.

**NOTE 10 – CONCENTRATIONS**

Accounts Receivable

As of December 31, 2017, \$126,000 of the accounts receivable balance of \$126,973 was owed by two international aid partners. No such concentration existed as of December 31, 2016.

Cash Balances

At year end and at various times during the years ended December 31, 2017 and 2016, the Organization had cash balances in excess of the federally insured limits. The deposits were held at various financial institutions.

## **SUPPLEMENTARY INFORMATION**

**Global Links**  
**Schedule of Activities by Asset Class with Comparative Totals**

	Unrestricted Net Assets			Temporarily Restricted Net Assets	Year Ended December 31		
					Total Net Assets		
	Cash and Other	Materials and Supplies	Total		(Summarized Financial Information)*		
				2017	2016	2015	
<b>Revenue and Other Support</b>							
Donated materials and supplies	\$ -	\$ 3,502,304	\$ 3,502,304	\$ -	\$ 3,502,304	\$ 3,047,199	\$ 3,504,826
Contributions and grants	1,068,125	-	1,068,125	168,190	1,236,315	1,283,571	1,055,042
Miscellaneous sales and other	103,499	-	103,499	-	103,499	92,551	95,493
Special events, net of expenses	6,535	-	6,535	-	6,535	38,697	27,100
In-kind contributions	4,040	-	4,040	-	4,040	4,158	4,254
Interest and dividends	22,061	-	22,061	-	22,061	23,661	37,950
Realized gain (loss) on investments	32,701	-	32,701	-	32,701	(23,225)	(2,571)
Net unrealized appreciation (depreciation) of investments	37,514	-	37,514	-	37,514	27,264	(47,172)
Net assets released from restrictions	219,017	-	219,017	(219,017)	-	-	-
<b>Total Revenue and Other Support</b>	<b>1,493,492</b>	<b>3,502,304</b>	<b>4,995,796</b>	<b>(50,827)</b>	<b>4,944,969</b>	<b>4,493,876</b>	<b>4,674,922</b>
<b>Expenses and Losses</b>							
Program services:							
Materials, supplies, and equipment shipped	-	3,890,490	3,890,490	-	3,890,490	3,170,369	2,990,736
Personnel and other operating expenses	758,201	-	758,201	-	758,201	669,574	686,272
Shipping costs	200,498	-	200,498	-	200,498	161,210	157,785
Warehouse expenses	51,464	-	51,464	-	51,464	47,128	58,998
Travel, conferences, and training	28,239	-	28,239	-	28,239	24,177	22,729
Medical equipment refurbishment	3,199	-	3,199	-	3,199	2,713	2,858
Interest expense	36,470	-	36,470	-	36,470	40,313	39,371
<b>Total Program Services</b>	<b>1,078,071</b>	<b>3,890,490</b>	<b>4,968,561</b>	<b>-</b>	<b>4,968,561</b>	<b>4,115,484</b>	<b>3,958,749</b>
Management and general	199,835	-	199,835	-	199,835	200,670	166,774
Fundraising	120,658	-	120,658	-	120,658	119,366	112,653
Bad debt loss	-	-	-	20,000	20,000	-	-
<b>Total Expenses and Losses</b>	<b>1,398,564</b>	<b>3,890,490</b>	<b>5,289,054</b>	<b>20,000</b>	<b>5,309,054</b>	<b>4,435,520</b>	<b>4,238,176</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 94,928</b>	<b>\$ (388,186)</b>	<b>\$ (293,258)</b>	<b>\$ (70,827)</b>	<b>\$ (364,085)</b>	<b>\$ 58,356</b>	<b>\$ 436,746</b>

\*Summarized financial information - the columns are presented for 2016 and 2015 only to facilitate financial analysis.