

Global Health Service Corps, Inc.

Financial Statements

Nine Months Ended September 30, 2012

GLOBAL HEALTH SERVICE CORPS, INC.

FINANCIAL STATEMENTS

Nine Months Ended September 30, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Director of
Global Health Service Corps, Inc.
Boston, Massachusetts

We have audited the accompanying statement of financial position of Global Health Service Corps, Inc. (the "Organization") as of September 30, 2012, and the related statement of activities, functional expenses, and cash flows for the nine month period then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2012, and the changes in its net assets and its cash flows for the nine month period then ended in conformity with accounting principles generally accepted in the United States of America.

Kirkland Albrecht & Fredrickson, LLC

Kirkland Albrecht & Fredrickson, LLC
Braintree, Massachusetts

February 1, 2013

Kirkland Albrecht & Fredrickson, LLC

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GLOBAL HEALTH SERVICE CORPS, INC.

Statement of Financial Position

September 30, 2012

<u>ASSETS</u>	
CURRENT ASSETS:	
Cash	\$ 223,598
Accounts receivable	<u>10,284</u>
Total assets	<u>\$ 233,882</u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:	
Accounts payable	\$ 20,065
NET ASSETS:	
Unrestricted	<u>213,817</u>
Total liabilities and net assets	<u>\$ 233,882</u>

See notes to financial statements.

GLOBAL HEALTH SERVICE CORPS, INC.

Statement of Activities

Nine Months Ended September 30, 2012

REVENUES AND OTHER SUPPORT:

Contributions	\$ 362,100
Contract revenue	10,284
In-kind contributions	<u>219,303</u>

Total revenues and other support	<u>591,687</u>
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EXPENSES:

Program	39,176
Administrative and general	256,085
Fundraising	<u>86,734</u>

Total expenses	<u>381,995</u>
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CHANGES IN NET ASSETS

209,692

Net assets, beginning of period	<u>4,125</u>
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Net assets, end of period	<u><u>\$ 213,817</u></u>
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See notes to financial statements.

GLOBAL HEALTH SERVICE CORPS, INC.

Statement of Functional Expenses

Nine Months Ended September 30, 2012

	Program	Administrative and General	Fundraising	Total
Consulting	\$ -	\$ 202,315	\$ 85,697	\$ 288,012
Employee compensation and related expenses	31,789	41,147	-	72,936
Marketing and development	-	10,630	1,037	11,667
Office and administrative	4,528	1,452	-	5,980
Technology	1,242	311	-	1,553
Occupancy	920	230	-	1,150
Travel	697	-	-	697
	<u>\$ 39,176</u>	<u>\$ 256,085</u>	<u>\$ 86,734</u>	<u>\$ 381,995</u>

See notes to financial statements.

GLOBAL HEALTH SERVICE CORPS, INC.

Statement of Cash Flows

Nine Months Ended September 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ 209,692
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Accounts receivable	(10,284)
Accounts payable	<u>20,065</u>
Net cash provided by operating activities	<u>219,473</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

219,473

Cash and cash equivalents, beginning of period	<u>4,125</u>
Cash and cash equivalents, end of period	<u><u>\$ 223,598</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the period for:

Interest	<u><u>\$ -</u></u>
Income taxes	<u><u>\$ -</u></u>

See notes to financial statements.

GLOBAL HEALTH SERVICE CORPS, INC.

Notes to Financial Statements

Nine Months Ended September 30, 2012

1. ORGANIZATION

Global Health Service Corps, Inc. (the Organization) is a not-for-profit organization established in 2011 under the laws of the Commonwealth of Massachusetts. The Organization's mission is to create sustainable solutions to strengthen health systems abroad and to empower a new generation of United States health professionals to serve as global health educators in countries facing critical human healthcare resource shortages. The Organization's goal is to first establish programs in Malawi, Uganda and Tanzania and expand to fifteen countries over the next five years. The Organization strives to achieve its mission by increasing teaching capacity and clinical personnel to ultimately strengthen the medical, nursing and health education systems in partner countries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation – The Organization follows the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) subtopic *Presentation of Financial Statements* for not-for-profit entities. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. The Organization may designate portions of its unrestricted net assets as board designated for various purposes.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may be met either by actions of the Organization and/or the passage of time. As of September 30, 2012, the Organization had no temporarily restricted net assets.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. As of September 30, 2012, the Organization had no permanently restricted net assets.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable – Accounts receivable represents contract revenue due at September 30, 2012 for costs incurred related to program services. The Organization considers accounts receivable to be fully collectable and accordingly no allowance for doubtful accounts is required.

GLOBAL HEALTH SERVICE CORPS, INC.

Notes to Financial Statements

Nine Months Ended September 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Revenue Recognition – Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Contract revenue is recognized as related expenses are incurred. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions – Contributions are recognized as revenues in the period received. Contributions of assets other than cash are reported at their estimated fair value. Contributions of services that create or enhance non-financial assets or that require specialized skills, which 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. The fair market value of office space, equipment and services donated by hospitals, doctors, technology and legal firms is reflected in the financial statements.

Tax Status – The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the “Code”) and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The Organization is subject to federal and state income taxes on unrelated business income, if any.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. The Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The Topic also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At September 30, 2012, management believes that the Organization has no material uncertain tax positions.

Subsequent Events – The Organization has evaluated all events subsequent to the statement of financial position date of September 30, 2012, through the date which the financial statements were available to be issued, February 1, 2013, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*.