MEDGLOBAL, INC.

FINANCIAL STATEMENTS

December 31, 2019
And for the Year Then Ended
MEDGLOBAL, INC.

Table of Contents

Independent Auditor’s Report ........................................................................................................1 - 2

Financial Statements

Statement of Financial Position ........................................................................................................3

Statement of Activities ..................................................................................................................4

Statement of Functional Expenses ...............................................................................................5

Statement of Cash Flows ................................................................................................................6

Notes to Financial Statements ....................................................................................................7 - 12
Independent Auditor’s Report

To the Board of Directors
MedGlobal, Inc.
Chicago Ridge, IL

We have audited the accompanying financial statements of the MedGlobal, Inc. (the Organization), which comprise of the statement of financial position as of December 31, 2019, 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 the 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 of 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 MedGlobal, Inc. as of December 31, 2019, 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.

December 9, 2020
Chicago, IL
MEDGLOBAL, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2019

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>$ 1,392,474</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>183,059</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>44,457</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,619,990</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 1,619,990</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 3,443</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>6,054</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>9,497</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Without donor restrictions</td>
<td>328,215</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>1,282,278</td>
</tr>
<tr>
<td>Total net assets</td>
<td>1,610,493</td>
</tr>
</tbody>
</table>

| **Total Liabilities and Net Assets** | **$ 1,619,990**|

See independent auditor's report and notes to financial statements.

-3-
MEDGLOBAL, INC.
STATEMENT OF ACTIVITIES
For Year Ended December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ -</td>
<td>$ 3,290,805</td>
<td>$ 3,290,805</td>
</tr>
<tr>
<td>Donated goods</td>
<td>2,512,901</td>
<td>-</td>
<td>2,512,901</td>
</tr>
<tr>
<td>Donated services</td>
<td>2,392,039</td>
<td>-</td>
<td>2,392,039</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>2,592,461</td>
<td>(2,592,461)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>7,497,401</td>
<td>698,344</td>
<td>8,195,745</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>6,803,208</td>
<td>-</td>
<td>6,803,208</td>
</tr>
<tr>
<td>General and administrative</td>
<td>152,558</td>
<td>-</td>
<td>152,558</td>
</tr>
<tr>
<td>Fundraising</td>
<td>213,420</td>
<td>-</td>
<td>213,420</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>7,169,186</td>
<td>-</td>
<td>7,169,186</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>328,215</td>
<td>698,344</td>
<td>1,026,559</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>-</td>
<td>583,934</td>
<td>583,934</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$ 328,215</td>
<td>$ 1,282,278</td>
<td>$ 1,610,493</td>
</tr>
</tbody>
</table>

See independent auditor's report and notes to financial statements.

-4-
MEDGLOBAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For Year Ended December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$32,869</td>
<td>$23,270</td>
<td>$34,144</td>
<td>$90,283</td>
</tr>
<tr>
<td>Payroll taxes and benefits</td>
<td>7,647</td>
<td>3,007</td>
<td>1,620</td>
<td>12,274</td>
</tr>
<tr>
<td>Total salaries and related expenses</td>
<td>40,516</td>
<td>26,277</td>
<td>35,764</td>
<td>102,557</td>
</tr>
<tr>
<td>Program expense</td>
<td>4,070,615</td>
<td>-</td>
<td>-</td>
<td>4,070,615</td>
</tr>
<tr>
<td>Professional fees</td>
<td>2,392,039</td>
<td>36,128</td>
<td>11,489</td>
<td>2,439,656</td>
</tr>
<tr>
<td>Contractors</td>
<td>274,008</td>
<td>57,422</td>
<td>22,343</td>
<td>353,773</td>
</tr>
<tr>
<td>Fundraising</td>
<td>-</td>
<td>61,110</td>
<td>61,110</td>
<td>72,231</td>
</tr>
<tr>
<td>Advertising and marketing</td>
<td>-</td>
<td>-</td>
<td>72,231</td>
<td>72,231</td>
</tr>
<tr>
<td>Travel and transportation</td>
<td>20,315</td>
<td>5,614</td>
<td>1,569</td>
<td>27,498</td>
</tr>
<tr>
<td>Training and seminars</td>
<td>-</td>
<td>7,217</td>
<td>-</td>
<td>7,217</td>
</tr>
<tr>
<td>Information technology</td>
<td>2,117</td>
<td>1,059</td>
<td>7,932</td>
<td>11,108</td>
</tr>
<tr>
<td>Office expense</td>
<td>1,114</td>
<td>1,812</td>
<td>-</td>
<td>2,926</td>
</tr>
<tr>
<td>Bank and other fees</td>
<td>-</td>
<td>8,422</td>
<td>-</td>
<td>8,422</td>
</tr>
<tr>
<td>Printing and postage</td>
<td>254</td>
<td>953</td>
<td>-</td>
<td>1,207</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>2,962</td>
<td>-</td>
<td>2,962</td>
</tr>
<tr>
<td>Telephone and internet</td>
<td>938</td>
<td>93</td>
<td>-</td>
<td>1,031</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,292</td>
<td>310</td>
<td>982</td>
<td>2,584</td>
</tr>
<tr>
<td>Website</td>
<td>-</td>
<td>3,581</td>
<td>-</td>
<td>3,581</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>708</td>
<td>-</td>
<td>708</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$6,803,208</td>
<td>$152,558</td>
<td>$213,420</td>
<td>$7,169,186</td>
</tr>
</tbody>
</table>

See independent auditor's report and notes to financial statements.
MEDGLOBAL, INC.
STATEMENT OF CASH FLOWS
For Year Ended December 31, 2019

Cash Flows from Operating Activities
Change in net assets $ 1,026,559
Adjustments to reconcile change in net assets to net cash provided by operating activities
  Decrease (increase) in
  Contributions receivable $(183,059)
  Prepaid expense $(43,895)
Increase (decrease) in
  Accounts payable $(3,088)
  Accrued liabilities $(3,496)
  Net cash provided by operating activities 793,021

Net increase in cash and equivalents 793,021
Cash and equivalents, beginning of year 599,453
Cash and equivalents, end of year $ 1,392,474

See independent auditor's report and notes to financial statements.
Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations
MedGlobal, Inc. (the Organization) is an Illinois not-for-profit corporation established in 2017. The Organization provides free healthcare to the refugees, internally displaced people, victims of natural and man-made disasters, and indigent populations in developing countries. The Organization is committed to creating a world without healthcare disparity. An organization established by diverse doctors, nurses and medics experienced in humanitarian medicine and emergency services to address the health needs of the most vulnerable across the world. Volunteers utilize humanitarian principles and the best medical practices, in addition to partnering with local communities to provide innovative, sustainable and dignified healthcare. The Organization deploys medical missions to provide life-saving and life-sustaining emergency medical services to the most vulnerable individuals impacted by crisis. As of today, The Organization has deployed close to 100 medical missions to 10 countries around the globe, including to: Bangladesh, Lebanon, Yemen, Syria, Lebanon, Greece, Puerto Rico, and Sierra Leone. New medical missions are planned to Colombia, Syria, North Iraq, Jordan, Palestine, Haiti, Ethiopia and other places based on need. Our global volunteer staff comes from the US, UK, Europe, Australia, Latin America, Asia and the Gulf States. The average medical mission lasts for seven days. A diverse team of medical and mental health professionals transport supplies, medications and equipment. In partnership with the local NGOs and health authorities these dedicated practitioners bring their skills and expertise to the affected.

Basis of Accounting
The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant accounts receivables, payables, and other assets and liabilities in accordance with the accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Presentation
As required by the generally accepted accounting principles for Not-for-Profit accounting, the Organization is required to report information regarding its financial position and activities according to two classes:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Such gifts include gifts without restrictions, including restricted gifts whose donor-imposed restrictions were met during the year.

With donor restrictions – Net assets subject to donor-imposed restrictions which will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.
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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents and Concentration of Credit Risk
Cash and equivalents consist of bank deposits in federally insured accounts. The Organization places its temporary cash investments with high credit quality financial institutions. At times such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments, if any, purchased with an original maturity of three months or less to be cash equivalents. No cash was paid for taxes or interest during the year ended December 31, 2019.

Contributions Receivable
Contributions receivable are recorded at fair value and recognized as revenue in the period in which the pledge or grant is made. The Organization reviews contributions receivable and determines the need for an allowance for doubtful accounts based on management’s experience and information. As of December 31, 2019, no allowance for uncollectible accounts was deemed necessary.

Support and Revenue
The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return- are not recognized until the conditions on which they depend have been met. 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, 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 land, buildings, and equipment as without donor restriction 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 regarding 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. During the year ending December 31, 2019 no such gifts of land, buildings, or equipment were received.
Note 1 – Nature of Activities and Summary of Significant Accounting Policies (cont.)

Support and Revenue (cont.)
The Organization recognizes contract revenue at an amount that reflects consideration to which the Organization expects to be entitled in exchange for transferring goods or services to a customer. There is currently one type of contract that the Organization is engaged, which is based on performance reporting. Due to the nature and varying performance obligations of these contracts, the timing and methods of recognizing revenue from these contracts will vary. All contracts recognize revenue in accordance with ASU No. 2014-09 and prior year revenues have been retrospectively adjusted. There was no contract revenue recorded in 2020 for any performance obligations met in the prior year.

For performance reporting contracts, a customer pays the agreed upon amounts after the completion and submission of specified deliverables in the contract. For these contracts, the Organization will allocate the transaction price of the contract to the specific performance obligations based on the contract. The Organization recognizes revenue when the performance obligations are met and delivered to the customer. The Organization had no contracts during 2020 that were performance reporting contracts. There are no contract assets or liabilities.

Donated Services
Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the current year ended December 31, 2019, the Organization recorded $2,392,039 of donated time by medical professionals for work performed in developing countries. The donated services were calculated using a three-tier system: lead medical (licensed physicians), support medical (other non-physician medical), and non-medical (other professionals). The rates for lead and support medical were determined by the Bureau of Labor Statistics at $150 and $75 per hour, respectively. Non-medical professionals’ rate was $25 per hour determined by the Independent Sector national average value of volunteer labor.

Furthermore, the Organization received donated work from fundraising volunteers that did not meet the requirements above to be recorded as donated services.

In-Kind Contributions
In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase donation revenue by a like amount. For the year ended December 31, 2019, the Organization received donated medical supplies and equipment for its mission programs valued at $2,512,901.
Note 1 – Nature of Activities and Summary of Significant Accounting Policies (cont.)

Advertising
Advertising and marketing costs are expensed as incurred. For the year ended December 31, 2019, the amount charged to expense was $72,231.

Certain Vulnerabilities and Concentrations
The Organization’s total public support and revenue for the year ended December 31, 2019 amounted to $8,195,745, of which $4,904,940 or 60% were donated goods and services. In addition, $2,172,609 or 27% of revenues and $159,552 or 87% of accounts receivable were contributed by one donor. Decreased funding from donor could have significant negative impact on the Organization’s program and operations.

Functional Allocation of Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Directly identifiable expenses are charged to specific program or supporting service. Expenses related to more than one function are allocated to program expenses and supporting services as the basis of periodic time and expense reviews made by management.

Income Taxes
The Organization was granted an exemption from federal income tax by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax-exempt purpose of the Organization and the nature in which it operates is described in the first paragraph of Note 1. The Organization continues to operate in compliance with its tax-exempt purpose. The Organization’s annual information and income tax returns filed with the federal and state governments are subject to examination generally for three years after it is filed.

The Organization has adopted the requirements for accounting for uncertain tax positions and management has determined that the Organization was not required to record a liability related to uncertain tax positions as of December 31, 2019.

Contingency
The Organization’s operations could be significantly impacted by the novel coronavirus pandemic after the Organization fiscal year end of December 31, 2019. Management is maintaining operations to the extent possible however some operations will be affected. The value of several of the Organization’s assets could be affected by this crisis. It is not possible to reasonably estimate the effect of this Crisis on the Organization or whether would be material to the Organization's financial statements at December 31, 2019.
Note 1 – Nature of Activities and Summary of Significant Accounting Policies (cont.)

Subsequent Events
Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Organization has evaluated subsequent events through December 9, 2020, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed as of that date.

Change in Accounting Principle
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization’s financial statements reflect the application of ASC 606 guidance beginning in fiscal year 2020.

No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Organization’s reported historical revenue.

Accounting Standards Update
The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard. Revenue recognition related to contribution revenue remained unchanged.

Note 2 – Financial Assets and Liquidity Resources
The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing accreditation activities as well as the conduct of services undertaken to support those activities to be general expenditures.
MEDGLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Note 2 – Financial Assets and Liquidity Resources (cont.)

As of December 31, 2019, financial assets and liquidity resources available within one year for
general expenditure, such as operating expenses, were as follows:

<table>
<thead>
<tr>
<th>Financial assets at year-end</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and equivalents</td>
<td>1,392,474</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>183,059</td>
</tr>
<tr>
<td><strong>Total financial assets at year-end</strong></td>
<td>1,575,533</td>
</tr>
</tbody>
</table>

Less amounts not available to be used within one year:

| Restricted by donor with purpose restrictions                   | (1,282,278) |
| Financial assets available to meet cash needs for               |          |
| general expenditures within one year                           | $         |
| **Financial assets available to meet cash needs for**           | **293,255** |
| **general expenditures within one year**                       |          |

The Organization is substantially supported by restricted contributions. Because a donor’s restriction
requires resources to be used in a particular manner or in a future period, the Organization must
maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may
not be available for general expenditure within one year. The restrictions noted are closely related to
Organization’s mission purpose and programs therefore funding operations should not be affected.
In addition, the Organization operates with a balanced budget and anticipates collecting sufficient
revenue to cover general expenditures not covered by donor-restricted resources.

Note 3 – Net Assets With Donor Restrictions

The Organization had net assets with donor restrictions for the following purposes at December 31,
2019:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yemen</td>
<td>754,019</td>
</tr>
<tr>
<td>Columbia/Venezuela</td>
<td>325,798</td>
</tr>
<tr>
<td>Rohingya</td>
<td>102,942</td>
</tr>
<tr>
<td>Syria</td>
<td>32,547</td>
</tr>
<tr>
<td>Greece</td>
<td>24,818</td>
</tr>
<tr>
<td>Gaza</td>
<td>21,084</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>21,070</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 1,282,278</td>
</tr>
</tbody>
</table>