

**MOBILE MEDICAL DISASTER RELIEF, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED DECEMBER 31, 2012**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mobile Medical Disaster Relief, Inc.

We have audited the accompanying financial statements of Mobile Medical Disaster Relief, Inc. (a Tennessee not-for-profit corporation, the "Organization") which comprise the statement of financial position as of December 31, 2012 and the related statements of activities and changes in net assets, 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.

### Auditors' 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 auditors' 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 Mobile Medical Disaster Relief, Inc. as of December 31, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Blankenship CPA Group, PLLC*

September 25, 2013

**MOBILE MEDICAL DISASTER RELIEF, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2012**

**ASSETS**

<b>CURRENT ASSETS</b>	
Cash - unrestricted	\$ 714,086
Cash - restricted	165,743
Total Cash	<u>879,829</u>
Inventory	510,587
Prepaid expenses	10,494
Total Current Assets	<u>1,400,910</u>
<b>INVESTMENTS</b>	35,168
<b>CONSTRUCTION IN PROGRESS</b>	250,179
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>127,989</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,814,246</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 13,565
Accrued expenses	17,900
Deferred revenue	28,340
Total Current Liabilities	<u>59,805</u>
<b>NET ASSETS</b>	
Unrestricted	1,588,698
Temporarily restricted	165,743
Total Net Assets	<u>1,754,441</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,814,246</u></u>

The accompanying notes are an integral part of this financial statement.

**MOBILE MEDICAL DISASTER RELIEF, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2012**

<b>CHANGES IN UNRESTRICTED NET ASSETS</b>	
Public Support	
Contributions	\$ 1,162,356
Donated facilities and services	59,009
Donated medical supplies	174,623
Net assets released from restrictions	<u>406,170</u>
Total Public Support	<u>1,802,158</u>
Functional Expenses	
Program services	553,809
Supporting services	<u>318,101</u>
Total Functional Expenses	<u>871,910</u>
Other Income	
Interest income	190
Dividend income	559
Investment gain	<u>3,920</u>
Total Other Income	<u>4,669</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<u>934,917</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>	
Restricted contributions	453,094
Net assets released from restrictions	<u>(406,170)</u>
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>46,924</u>
<b>INCREASE IN TOTAL NET ASSETS</b>	981,841
<b>NET ASSETS, BEGINNING OF THE YEAR</b>	<u>772,600</u>
<b>NET ASSETS, END OF THE YEAR</b>	<u><u>\$ 1,754,441</u></u>

The accompanying notes are an integral part of this financial statement.

**MOBILE MEDICAL DISASTER RELIEF, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2012**

	Program Services	Supporting Services			Grand Total
		Management and General	Fundraising	Total	
Medical services	\$ 200,106	\$ -	\$ -	\$ -	\$ 200,106
Housing services	61,563	-	-	-	61,563
Haiti base	26,462	-	-	-	26,462
Food distribution	15,963	-	-	-	15,963
Other services	26,084	-	-	-	26,084
Travel	154,201	-	-	-	154,201
Rent	-	99,375	-	99,375	99,375
Payroll expenses	44,604	133,811	-	133,811	178,415
Advertising	-	-	11,426	11,426	11,426
Fundraising events	-	-	24,785	24,785	24,785
Supplies	24,255	3,787	-	3,787	28,042
Office expenses	-	23,969	-	23,969	23,969
Professional fees	-	9,397	-	9,397	9,397
Bank fees	-	5,437	-	5,437	5,437
Training	-	863	-	863	863
Depreciation	-	3,589	-	3,589	3,589
Miscellaneous	571	855	-	855	1,426
Taxes, licenses and fees	-	807	-	807	807
<b>Total</b>	<b>\$ 553,809</b>	<b>\$ 281,890</b>	<b>\$ 36,211</b>	<b>\$ 318,101</b>	<b>\$ 871,910</b>

The accompanying notes are an integral part of this financial statement.

**MOBILE MEDICAL DISASTER RELIEF, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2012**

Cash flows from operating activities:	
Increase in net assets	<u>\$ 981,841</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	3,589
Unrealized gain on marketable securities	(3,402)
Decrease (increase) in operating assets:	
Inventory	24,438
Prepaid expenses	(10,494)
Increase in operating liabilities:	
Accounts payable	4,211
Accrued expenses	7,715
Deferred revenue	<u>28,340</u>
Total adjustments	<u>54,397</u>
Net cash provided by operating activities	<u>1,036,238</u>
Cash flows from investing activities:	
Purchase of property and equipment	(123,585)
Purchase of construction in progress	(250,179)
Purchase of marketable securities	(9,473)
Reinvestments of investment income	<u>(1,077)</u>
Net cash used by investing activities	<u>(384,314)</u>
Increase in cash	651,924
Cash, beginning of the year	<u>227,905</u>
Cash, end of the year	<u><u>\$ 879,829</u></u>

The accompanying notes are an integral part of this financial statement.

**MOBILE MEDICAL DISASTER RELIEF, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

Believing that Jesus the Messiah calls us to be advocates of those in need, Mobile Medical Disaster Relief, Inc. (the "Organization") was founded in December, 2005 as a Tennessee not-for-profit corporation committed to providing medical aid to the vulnerable and underserved people in the United States and throughout the world. It is their desire to make a lasting impact on the future of a community by aiding local entities in providing medicine and health care services to the people of impoverished and crisis areas. The Organization's primary sources of support are donated medical supplies, physician services and cash contributions. The Organization currently operates from donated facilities located in Brentwood, Tennessee.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of 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 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.

Cash

Restricted cash is limited in use to payment of costs of constructing and operating a new facility in Haiti.

Inventory

Inventory consists of donated medical and project supplies and is reported at estimated fair market value.

Property, Equipment and Depreciation

Property and equipment is stated at acquisition cost or at estimated fair value at the time of the gift, if donated. The cost of land and equipment purchased in excess of \$1,000 is capitalized. Depreciation is calculated by the straight-line method over the estimated useful life of the related assets (five to seven years).

Fair Value Measurement and Income Recognition

Level 1 Inputs - Fair values are based on quoted prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date (e.g. prices derived from NYSE, NASDAQ, or Chicago Board of Trade).

**MOBILE MEDICAL DISASTER RELIEF, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair Value Measurement and Income Recognition (continued)

Level 2 Inputs - Fair values are based on inputs other than quoted price included within level 1 that are observable for valuing the asset or liability, either directly or indirectly (e.g. interest rate and yield curves observable at commonly quoted intervals, default rates, etc.). Observable inputs included in quoted prices for similar assets or liabilities in active or non-active markets. Level 2 inputs may also include significant adjustments for market observable inputs.

Level 3 Inputs - Fair values are based on unobservable inputs used for valuing the asset or liability. Unobservable inputs are those that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the asset, based on the best information available in the circumstances. An example would be real estate valuations, which require significant judgment.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividends are recorded when received.

All investments were measured at fair value using level 1 inputs at December 31, 2012.

Contributions

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

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Organization's management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2012 no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**MOBILE MEDICAL DISASTER RELIEF, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Donated Facilities and Services

Donated facilities are recorded as support in the period received at their estimated fair value, if there is an objective and measurable basis for determining such value. Donated facilities for the year ended December 31, 2012 was \$38,758.

Donated services are recognized as support if they create or enhance nonfinancial assets or the donated service requires specialized skills, was performed by a donor who possess such skills, and would have been purchased by the Organization, if not donated. Such services are recognized at estimated fair value as support and expense in the period the services were performed. Donated services for the year ended December 31, 2012 was \$20,251.

A number of unpaid volunteers have made significant contributions of their time to assist the Organization in achieving its stated goals. The value of contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

**NOTE 3 - INVESTMENTS**

The investments consist of cash and marketable securities and are presented in the financial statements at fair value based on quoted prices in active markets (all Level 1 measurements). Market risk could occur and is dependent on the future changes in market prices of the various investments held. An analysis of the investments held as of December 31, 2012 is as follows:

Investments are comprised of the following:

	<u>Fair Value</u>	<u>Cost</u>
Cash	\$ 1,523	\$ 1,523
Mutual Funds	25,654	23,654
Stocks	<u>7,991</u>	<u>4,399</u>
	<u>\$ 35,168</u>	<u>\$ 29,576</u>

Investment gain from these investments for the year ended December 31, 2012 is summarized as follows:

Interest and dividends	\$ 749
Net realized and unrealized gains	<u>3,687</u>
	<u>\$ 4,436</u>

Investment gain is shown net of \$233 of investment expenses.

**MOBILE MEDICAL DISASTER RELIEF, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2012**

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

Land	\$ 109,300
Trailer	6,199
Construction equipment	14,285
Computers and office equipment	<u>8,162</u>
	137,946
Less accumulated depreciation	<u>(9,957)</u>
	<u><u>\$ 127,989</u></u>

**NOTE 5 - RESTRICTIONS ON NET ASSETS**

The temporary restrictions on net assets are for capital projects in Haiti. There were no permanently restricted net assets as of December 31, 2012.

**NOTE 6 - FOREIGN OPERATIONS**

The Organization operates a mission base in Haiti. Approximately \$538,400 of the net assets reported in the accompanying statement of financial position relate to that facility.

**NOTE 7 - RELATED PARTY TRANSACTIONS**

A board member / officer of the Organization contributes a significant percentage of cash contributions and 100% of the donated physician services to the Organization. In addition, the Organization utilized a facility free of charge from a medical practice owned by this board member / officer. The medical practice contributed the use of its staff, some office supplies and office equipment and paid for the insurance policy which covers both the practice and the Organization.

**NOTE 8 - ADVERTISING COSTS**

The Organization uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2012 was \$11,426.

**NOTE 9 - MANAGEMENT'S REVIEW**

The Organization's management has evaluated subsequent events through September 25, 2013, the date which the financial statements were available to be issued.