

REAL MEDICINE FOUNDATION, INC.

AUDITED FINANCIAL REPORT

MAY 31, 2011

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**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE FISCAL YEAR ENDED MAY 31, 2011**  
**FOR**  
**REAL MEDICINE FOUNDATION**

I have completed the audit of the financial statements of Real Medicine Foundation as well as their use in completing the Federal 990 Tax Form for the period of June 1, 2010 through May 31, 2011. The financial statements that were audited are as follows:

- Income & Expense Statement
- Statement of Financial Position
- Statement of Cash Flows
- Statement of Functional Expenses

These financial statements are the responsibility of the management of Real Medicine Foundation. As an independent auditor, my responsibility is to express an opinion on the validity of the balances in the chart of accounts, the consistency in handling transactions of the same nature, the validity of the balances represented on these financial statements, as well as the balances listed on the Federal Form 990.

Equally important is that Real Medicine Foundation follows accounting practices which conform to accepted standards for this type of organization. In this particular case, the standards used are Non-Profit Generally Accepted Accounting Principles (GAAP) set forth by the Financial Accounting Standards Board (FASB).

I conducted the audit in accordance with U.S. Generally Accepted Auditing Standards (GAAS). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes, but is not limited to examining, on a test basis based on an appropriate sample size, that the appropriate evidence supports the amounts and

disclosures in the aforementioned financial statements and completed tax forms. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my professional opinion, the financial statements referred to above present completely, in all material respects, the financial position of Real Medicine Foundation as of May 31, 2011, and the results of its activities and its cash flows for the year then ended are in conformity with accounting principles generally accepted in the United States of America.

February 10, 2012

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Date of Completion of Audit

Brian L. Walder

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**Real Medicine, Inc.**  
**Statement of Functional Expenses**  
**May 31, 2011**

	Total Expenses	Program Service Expenses	Management & General Expenses
Salaries & Wages	\$271,990	\$240,192	\$31,798
Field Operational Expense ***	662,351	662,351	0
Fund Raising Events	12,798	12,798	0
In-Kind Donations Expense	27,118	27,118	0
Insurance	4,302	0	4,302
Interest Expense	160	0	160
Internet & Technology	15,478	4,360	11,118
Licenses / Permits	20	0	20
Meals & Entertainment	64	64	0
Merchant Credit Card Fees	1,162	0	1,162
Office Supplies / Materials	2,481	2,481	0
Paypal Fees	412	412	0
Postage / Deliveries	756	756	0
Transportation	23,077	23,077	0
Rent	150	150	0
Repairs / Maintenance	1,145	0	1,145
Telephone	6,725	6,725	0
Professional Fees	36,435	36,435	0
TOTAL	<u>\$1,066,624</u>	<u>\$1,016,919</u>	<u>\$49,705</u>

\*\*\* Please note detail on Statement of Activities

**Real Medicine, Inc.**  
**Consolidated Statement of Financial Position**  
**May 31, 2010**  
**With Comparative Figures as of May 31, 2010**

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>05/31/2011</b>	<b>05/31/2010</b>
Cash - non-interest bearing	\$43,890	\$208,504
Total Assets	<u>\$43,890</u>	<u>\$208,504</u>
Other Liabilities	4,401	536
Unrestricted Net Assets	39,489	207,968
Total Liabilities & Equity	<u>\$43,890</u>	<u>\$208,504</u>

**Real Medicine, Inc.**  
**Statement of Cash Flows**  
**June 1, 2010 – May 31, 2011**

	<u>Jun '10 - May 11</u>
OPERATING ACTIVITIES	
Net Income	\$663
Adjustments to reconcile Net Income to net cash provided by operations:	
In-Kind Donations	38,676
Year End Adjustments	71,560
Accrual Adjustments	<u>53,675</u>
Net cash provided by Operating Activities	164,574
Net cash increase for period	164,574
Cash at beginning of period	<u>43,890</u>
Cash at end of period	<u><u>\$208,464</u></u>

**Statement of Activities**  
**For the Year Ended May 31, 2011**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>				
In-Kind Donations	\$38,676	\$0	\$0	\$38,676
Foundation Donations	689,377	0	0	689,377
Corporation Donations	196,800	0	0	196,800
Individual Donations	142,434	0	0	142,434
<b>Total Revenue and other support</b>	<b>\$1,067,287</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,067,287</b>
<b>EXPENSES</b>				
<b>Salaries &amp; Wages</b>				
Compensation of current officers, directors, trustees, and key employees	\$60,000	\$0	\$0	\$60,000
Other Salaries & Wages	211,990	0	0	211,990
<b>Total Salaries &amp; Wages</b>	<b>\$271,990</b>	<b>\$0</b>	<b>\$0</b>	<b>\$271,990</b>
<b>Field Operational Expense</b>				
Ambulance / Mobile Clinic	\$6,003	\$0	\$0	\$6,003
Bank Service Charges	1,252	0	0	1,252
Educational Materials / Books	6,878	0	0	6,878
Entertainment / Meals	198	0	0	198
Equipment	7,125	0	0	7,125
Food	5,058	0	0	5,058
Gift	2,624	0	0	2,624
House Rent / Worker Lodging	8,913	0	0	8,913
Laundry Service	192	0	0	192
Meal Stipend	1,529	0	0	1,529
Medical Treatment	22,051	0	0	22,051
Medicines & Medical Supplies	79,697	0	0	79,697
Other Medical Costs	4,710	0	0	4,710
Partner Costs	302,007	0	0	302,007
Outside Labor	91,923	0	0	91,923
Office Supplies / Materials	9,778	0	0	9,778
Rent	4,707	0	0	4,707
Repair & Maintenance	29,490	0	0	29,490
School Tuitions	9,949	0	0	9,949
Taxes - Other	1,512	0	0	1,512
Taxes - Payroll	4,090	0	0	4,090
Telephone / Internet	4,627	0	0	4,627
Tool, Materials, & Equipment	13,079	0	0	13,079
Transportation - Local	32,514	0	0	32,514
Utilities	584	0	0	584
Other Field Operational Expenses	12,040	0	0	12,040
<b>Total Field Operational Expense</b>	<b>\$662,531</b>	<b>\$0</b>	<b>\$0</b>	<b>\$662,531</b>

**General Expenses**



Event Expense	\$12,798	\$0	\$0	\$12,798
In-Kind Donations Expense	27,118	0	0	27,118
Insurance	4,302	0	0	4,302
Interest Expense	160	0	0	160
Internet & Technology	15,298	0	0	15,298
Licenses / Permits	20	0	0	20
Meals & Entertainment	64	0	0	64
Merchant Credit Card Fees	1,162	0	0	1,162
Office Supplies / Materials	2,481	0	0	2,481
Paypal Fees	412	0	0	412
Postage / Deliveries	756	0	0	756
Transportation	23,077	0	0	23,077
Rent	150	0	0	150
Repairs / Maintenance	1,145	0	0	1,145
Telephone	6,725	0	0	6,725
<b>Total General Expenses</b>	<b>\$95,668</b>	<b>\$0</b>	<b>\$0</b>	<b>\$95,668</b>
<b>Professional Fees</b>				
Accounting / Bookkeeping	\$6,424	\$0	\$0	\$6,424
Consulting	16,246	0	0	16,246
Development	9,000	0	0	9,000
Legal	2,033	0	0	2,033
Marketing	2,732	0	0	2,732
<b>Total Professional Fees</b>	<b>\$36,435</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,435</b>
<b>TOTAL EXPENSES</b>	<b>\$1,066,624</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,066,624</b>
Change in Net Assets	\$663	\$0	\$0	\$663
Total Comprehensive Income	\$663	\$0	\$0	\$663
Adjustments to Comprehensive Income				
Total Year-End Adjustments	\$71,560	\$0	\$0	\$71,560
Total Accrual Adjustments	92,351	0	0	92,351
Total Adjustments	\$163,911	\$0	\$0	\$163,911
<b>Net Assets, Beginning</b>	<b>\$43,890</b>	<b>\$0</b>	<b>\$0</b>	<b>\$43,890</b>
<b>Net Assets, Ending</b>	<b>\$208,464</b>	<b>\$0</b>	<b>\$0</b>	<b>\$208,464</b>

## NOTES TO FINANCIAL STATEMENTS

Real Medicine, Inc. (the “Foundation”) is a charitable organization. The Foundation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

### Method of Accounting

Assets, liabilities, income and expenses are reported using the accrual basis of accounting, whereby income is recorded when earned and expenses as incurred.

### Basis of Presentation

Financial Statement Presentation follows the recommendations of the set forth by the Financial Accounting Standards Board (FASB).

### Audit Standards

The audit for the 2011 fiscal year for Real Medicine, Inc., was performed in accordance with United States Generally Accepted Auditing Standards (GAAS).

### Volunteer activities

A large number of people have contributed significant amounts of time to the activities of the Foundation. The financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria of Statement of Accounting Standards No. 116, Accounting for Contributions Received and Contribution Services Made (SFAS No. 116)

### Functional activities

The Foundation provides humanitarian support to people living in disaster and poverty stricken areas, focusing on the person as a whole by providing medical/physical, emotional, economic, and social support.

### Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions received are recorded as increases in unrestricted or temporarily restricted net assets, depending on the existence and/or nature of any donor-imposed restrictions. Real Medicine has received only unrestricted donations for this fiscal year.

Fixed assets and depreciation

Fixed assets are stated at cost, or in the case of donated assets, at estimated market value of the date of the gift. Depreciation is calculated using the straight-line method of accounting based on the estimated useful lives of the assets.

Partner Costs

Partner Costs are expenses for projects where Real Medicine operates with co-implementing partners/organizations. All partner organizations are US registered NGO's or United Nations agencies.

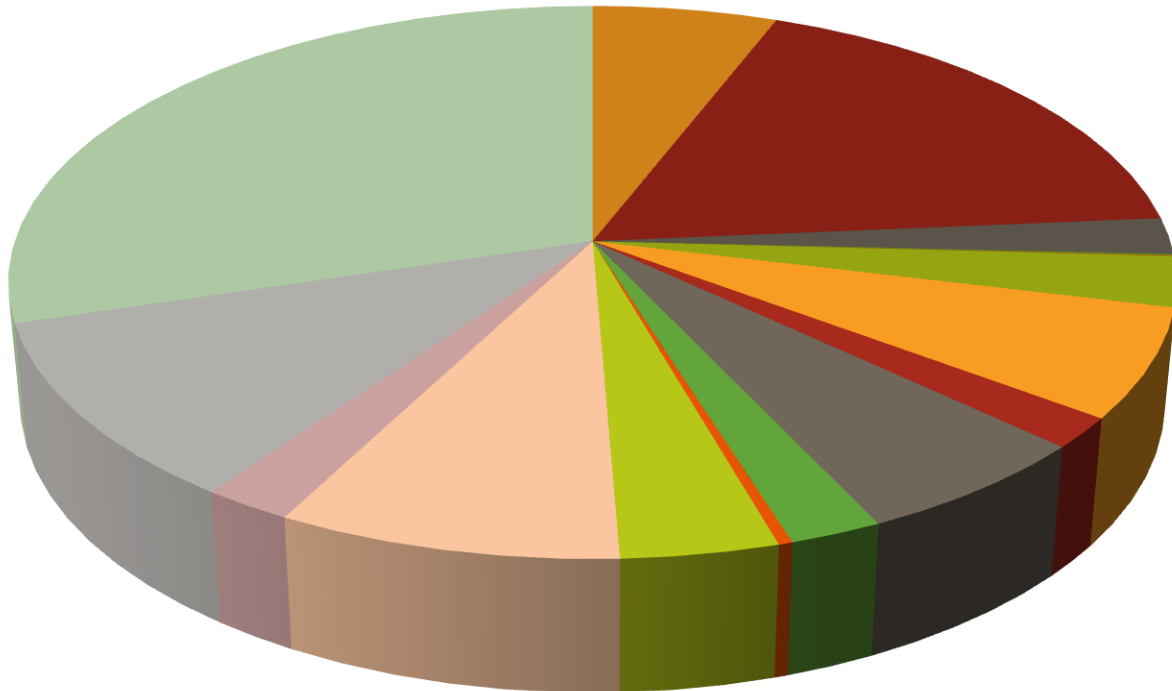
Foreign Currency Translation

The U.S. dollar ("dollars") is the functional currency for Real Medicine's operations. Transactions in currencies other than dollars are translated into dollars at a weighted average exchange rate for the period in which the transactions occur. Current assets and liabilities denominated in non-U.S. currencies are translated into dollars at the exchange rate in effect as of the date recorded in our accounting system.

In-Kind Donations

In-Kind donations are recorded as contributions at fair market value as of the date of the donation.

### Program Expenses by Type



- Compensation of current officers, directors, trustees, and key employees
- Other Salaries & Wages
- Field Operational Expense
- Dues & Memberships
- Advertising & Promotion
- Professional Fees
- Donations Expense
- Fees for Services
- Office Expenses
- Travel
- Insurance
- Auto Leases / Fuel Maintenance/ Transportation
- Medicines & Medical Supplies
- Medical Treatment
- Other Medical Costs
- Partner Costs

### Donations by Type

