

# **CURE INTERNATIONAL, INC.**

***FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

**JUNE 30, 2009**

# CURE INTERNATIONAL, INC.

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# *TAIT, WELLER & BAKER LLP*

*Certified Public Accountants*

## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**The Board of Directors  
Cure International, Inc.  
Lemoyne, Pennsylvania**

We have audited the accompanying statement of financial position of Cure International, Inc. as of June 30, 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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. The prior year summarized comparative information has been derived from Cure International, Inc.'s 2008 financial statements and, in our report dated January 15, 2009, we expressed an unqualified opinion.

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 Cure International, Inc. as of June 30, 2009, 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.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
January 14, 2010**

# CURE INTERNATIONAL, INC.

## STATEMENT OF FINANCIAL POSITION

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 6,109,732	\$ 9,756,306
Investments <i>(Note 2)</i>	239,137	385,591
Contributions receivable <i>(Note 5)</i>	3,729,355	229,392
Prepaid expenses and other assets	721,200	616,869
Advances to field	-	34,379
Accounts receivable – U.S. Government	418,251	3,384
Patient and other receivables	<u>4,682,680</u>	<u>3,247,744</u>
<b>Total current assets</b>	<u>15,900,355</u>	<u>14,273,665</u>
Inventory of donated medical equipment and supplies	<u>23,710,856</u>	<u>21,650,472</u>
Buildings and equipment, net of accumulated depreciation of \$5,317,206 in 2009 and \$3,999,925 in 2008 <i>(Note 4)</i>	21,545,482	17,412,256
Contributions receivable <i>(Note 5)</i>	2,190,857	600,797
Beneficial interest in remainder trusts <i>(Note 6)</i>	<u>1,283,749</u>	<u>1,583,269</u>
	<u>25,020,088</u>	<u>19,596,322</u>
<b>Total assets</b>	<u>\$64,631,299</u>	<u>\$55,520,459</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 5,957,835	\$ 4,865,282
Current portion of notes payable	<u>272,144</u>	<u>-</u>
<b>Total current liabilities</b>	<u>6,229,979</u>	<u>4,865,282</u>
<b>LONG-TERM DEBT <i>(Note 7)</i></b>	<u>204,109</u>	<u>-</u>
<b>Total liabilities</b>	<u>6,434,088</u>	<u>4,865,282</u>
<b>NET ASSETS</b>		
Unrestricted		
Operations	24,813,263	23,116,137
Donated medical equipment and supplies	<u>23,710,856</u>	<u>21,650,472</u>
<b>Total unrestricted</b>	48,524,119	44,766,609
Temporarily restricted <i>(Note 8)</i>	<u>9,673,092</u>	<u>5,888,568</u>
<b>Total net assets</b>	<u>58,197,211</u>	<u>50,655,177</u>
<b>Total liabilities and net assets</b>	<u>\$64,631,299</u>	<u>\$55,520,459</u>

# CURE INTERNATIONAL, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2009 with Summarized Information for 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Totals</u>	<u>2008 Totals</u>
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 5,448,113	\$ 5,398,321	\$ 10,846,434	\$ 19,984,297
Contributions – donated medical equipment and supplies and services <i>(Note 9)</i>	10,177,125	7,066,650	17,243,775	8,339,549
Contributions – donated use of facilities and land	643,291	-	643,291	643,291
Government grants	2,370,092	-	2,370,092	1,728,261
Interest and dividends	58,800	-	58,800	201,745
Realized and unrealized loss in investments	(147,009)	-	(147,009)	(50,314)
Patient revenue and other income	<u>22,773,506</u>	<u>-</u>	<u>22,773,506</u>	<u>16,279,839</u>
<b>Total</b>	<u>41,323,918</u>	<u>12,464,971</u>	<u>53,788,889</u>	<u>47,126,668</u>
<b>Net assets released from restrictions <i>(Note 7)</i></b>	<u>8,380,927</u>	<u>(8,380,927)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<u>49,704,845</u>	<u>4,084,044</u>	<u>53,788,889</u>	<u>47,126,668</u>
<b>EXPENSES</b>				
Program Services	<u>38,828,619</u>	<u>-</u>	<u>38,828,619</u>	<u>32,853,870</u>
Supporting Services				
Administration	1,017,803	-	1,017,803	963,399
Fund-raising	<u>2,906,907</u>	<u>-</u>	<u>2,906,907</u>	<u>2,651,127</u>
<b>Total supporting services</b>	<u>3,924,710</u>	<u>-</u>	<u>3,924,710</u>	<u>3,614,526</u>
<b>Total expenses</b>	<u>42,753,329</u>	<u>-</u>	<u>42,753,329</u>	<u>36,468,396</u>
<b>OTHER CHANGES</b>				
Change in value – trusts <i>(Note 6)</i>	-	(299,520)	(299,520)	(185,555)
Unrealized exchange (loss) gain on consolidation <i>(Note 1)</i>	<u>(3,194,006)</u>	<u>-</u>	<u>(3,194,006)</u>	<u>425,399</u>
<b>CHANGE IN NET ASSETS</b>	3,757,510	3,784,524	7,542,034	10,898,116
<b>NET ASSETS</b>				
Beginning of year	<u>44,766,609</u>	<u>5,888,568</u>	<u>50,655,177</u>	<u>39,757,061</u>
<b>End of year</b>	<u>\$ 48,524,119</u>	<u>\$ 9,673,092</u>	<u>\$ 58,197,211</u>	<u>\$ 50,655,177</u>

# CURE INTERNATIONAL, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2009 with Summarized Information for 2008

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	<u>Program Services</u>	<u>Administration</u>	<u>Fund- Raising</u>	<u>2009 Totals</u>	<u>2008 Totals</u>
Salaries and benefits	\$13,959,230	\$ 473,577	\$1,075,274	\$ 15,508,081	\$ 12,950,575
Hospital operating costs and other grant support (includes in-kind materials and facilities/land of \$4,141,891 in 2009 and \$3,083,778 in 2008)	22,397,390	-	103,178	22,500,568	19,474,241
Office rent and other expenses	51,930	38,287	4,200	94,417	75,476
Office supplies and equipment	15,290	34,717	28,217	78,224	79,670
Printing, postage and video production	185,788	16,504	998,541	1,200,833	1,295,097
Professional fees	121,745	82,000	278,811	482,556	316,705
Telephone expense	11,833	51,449	21,221	84,503	80,113
Travel, meetings and seminars	583,211	35,511	298,709	917,431	972,727
Bank fees	-	2,705	-	2,705	20,778
Depreciation expense	1,497,821	280,841	93,614	1,872,276	1,159,864
Miscellaneous	<u>4,381</u>	<u>2,212</u>	<u>5,142</u>	<u>11,735</u>	<u>43,150</u>
<b>Total expenses</b>	<b><u>\$38,828,619</u></b>	<b><u>\$1,017,803</u></b>	<b><u>\$2,906,907</u></b>	<b><u>\$42,753,329</u></b>	<b><u>\$36,468,396</u></b>

# CURE INTERNATIONAL, INC.

## STATEMENT OF CASH FLOWS

Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 7,542,034	\$10,898,116
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation and amortization	1,872,276	1,159,864
Gift-in-kind	(17,243,775)	(8,339,549)
Unrealized loss (gain) on foreign exchange rates	3,194,006	(425,399)
Realized and unrealized loss on investments	147,009	50,314
(Increase) decrease in assets		
Prepaid and other assets	(104,331)	(196,153)
Advances to field	34,379	26,567
Patient and other receivables	(1,434,936)	(673,476)
Contributions receivable	485,116	(830,189)
Beneficial interest in trusts	299,520	185,555
Inventory of donated medical equipment and supplies	5,488,614	7,365,731
Accounts receivable – U.S. Government	(414,867)	213,098
Increase in liabilities		
Accounts payable and accrued expenses	<u>1,092,553</u>	<u>913,539</u>
<b>Net cash provided by operating activities</b>	<u>957,598</u>	<u>10,348,018</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(555)	7,008,721
Purchase of buildings and equipment	(5,079,870)	(5,017,974)
Proceeds from the sales of investments	<u>-</u>	<u>(4,901,872)</u>
<b>Net cash used in investing activities</b>	<u>(5,080,425)</u>	<u>(2,911,125)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from debt issuance	544,289	-
Payments made on debt	<u>(68,036)</u>	<u>-</u>
<b>Net cash provided by financing activities</b>	<u>476,253</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(3,646,574)	7,436,893
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>9,756,306</u>	<u>2,319,413</u>
<b>End of year</b>	<u>\$ 6,109,732</u>	<u>\$ 9,756,306</u>

# CURE INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

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### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *NATURE OF ACTIVITIES*

Cure International, Inc. (“**CURE**”) is a not-for-profit, interdenominational organization that establishes hospitals in developing countries with a primary focus on the physically disabled child. CURE is devoted to implementing “Centers of Excellence”, bringing the latest techniques in cost effective medical care and organization to developing countries with a focus on excellence in patient care, compassion, training and in the quality of equipment and facilities. To that end, CURE has four main areas of focus; hospital management; financial support and partnering; sending key personnel; and training local doctors, nurses, and administrators.

#### *BASIS OF PRESENTATION*

The financial statements include the accounts of CURE, CURE International (UK) and its controlled (through the Board of Directors and economic interest) hospital organizations. The hospital organizations controlled by CURE are the Children’s Orthopedic Hospital of Uganda (“**Uganda**”), Beit Trust Cure Hospital (“**Malawi**”), Beit – CURE Hospital (“**Zambia**”), Cure International Center for Orthopedic Specialties (“**Dominican Republic**”), AIC CURE Hospital of Kenya (“**AIC CURE**”), Oasis Hospital in the United Arab Emirates (“**UAE**”), CURE International Ethiopia Children’s Hospital (“**Ethiopia**”), and CURE International Honduras (“**Honduras**”). These hospital organizations own and operate hospital facilities within the respective countries, except Afghanistan which operates from a government owned facility (*See Note 3*). In addition, at June 30, 2009, CURE has hospitals under construction in Egypt and Niger.

The financial statements are presented in U.S. dollars. The financial records of these controlled organizations are kept in local currencies. Assets, liabilities and net assets are translated at year-end rates of exchange; revenue and expenses are translated at the average rates of exchange during the year. The exchange gains (losses) primarily relate to the annual change in the carrying values, at the translated rate of exchange, of the buildings and equipment and inventory of medical supplies.

#### *ACCOUNTING ESTIMATES*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### *SUBSEQUENT EVENTS*

Subsequent events after the balance sheet through the date that the financial statements were available for issuance, January 14, 2010, have been evaluated in the preparation of the financial statements.

#### *ALLOCATION OF EXPENSES*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services.



# CURE INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2009 and 2008

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### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include money market funds and certificates of deposit with maturities of three months or less.

### **CONCENTRATION OF CREDIT RISK**

CURE occasionally maintains deposits in excess of federally insured limits in the United States. Statement of Financial Accounting Standards No. 107 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which the deposits are made.

### **INVESTMENTS**

CURE records its investments in securities at fair value.

### **BUILDINGS AND EQUIPMENT**

Property, plant and equipment are recorded at cost. Buildings and equipment are depreciated over their estimated useful lives using the straight-line method of depreciation – 5 to 30 years.

### **DONATED MEDICAL EQUIPMENT, SUPPLIES AND FACILITIES**

Inventory of donated medical equipment and supplies and the cost of donated construction services for the Hospital in the UAE (*See Note 4*) are valued at the estimated fair value at date of receipt. Donated supplies are removed from inventory at the time of use or at the time of shipment to partner agencies of such goods at values assigned on the date of receipt. Donated medical equipment is amortized over the estimated useful life after commencement of use of such equipment based on the assigned value on date of receipt. CURE has also received, at no cost, the use of a hospital building and parcels of land to construct hospital buildings. These contributed facilities and land are recognized at the estimated fair rental value of such property.

### **NET ASSETS**

CURE reports its resources, according to externally (donor) imposed restrictions, in the following net asset categories.

*Unrestricted net assets* include the following:

- ◆ **Operations** – Net assets attributable to operations include the revenues and expenses associated with the principal mission of CURE.
- ◆ **Donated Medical Equipment and Supplies** – Donated medical equipment and supplies are stated at fair value on the date of gift.

*Temporarily restricted net assets* include gifts for which donor-imposed restrictions have not been met.

# CURE INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2009 and 2008

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### CONTRIBUTIONS

CURE records unconditional promises to give (pledges) as a receivable and revenue in the year pledged net of the discount to present value of the future cash flows. Gifts of cash and other assets are reported 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 of the restriction is accomplished, temporarily restricted net assets are then classified to unrestricted net assets and reported in the statement of activities as “*net assets released from restrictions.*”

### PATIENT REVENUE

Patient revenue is recorded at the estimated net realizable amounts from patients, third-party payors, government assistance programs and others when the service is rendered.

### U.S. GOVERNMENT GRANTS

CURE records revenue when expenditures are incurred under U.S. Government grants or other exchange transactions.

### INCOME TAXES

Under provisions of the Internal Revenue Code Section 501(c)(3) and the applicable income tax regulations, CURE is exempt from taxes on income. Therefore, no provision for income taxes has been made.

### PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CURE’s audited financial statements for the year ended June 30, 2008, from which the summarized information was derived.

## (2) INVESTMENTS

Investments at June 30 consisted of the following:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Mutual Fund	\$172,750	\$144,949	\$172,195	\$163,267
Common Stock	<u>262,151</u>	<u>94,188</u>	<u>262,151</u>	<u>222,324</u>
	<u>\$434,901</u>	<u>\$239,137</u>	<u>\$434,346</u>	<u>\$385,591</u>

# CURE INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2009 and 2008

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### (3) FAIR VALUE OF FINANCIAL INSTRUMENTS

On July 1, 2008, CURE adopted Financial Accounting Standards Board No. 157 *“Fair Value Measurements,”* which was issued in September 2006 effective for fiscal years beginning after November 15, 2007. This standard clarifies the definition of fair value and requires additional disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under FAS 157 are described below:

Level 1 – quoted prices in active markets for identical securities.

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – significant unobservable inputs (including CURE’s own assumptions in determining the fair value of investments).

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value CURE’s various financial instruments as of June 30, 2009 is as follows:

	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
<b>Investments</b>				
Money Market	\$ 144,949	\$144,949	\$ -	\$ -
Common Stock	<u>94,188</u>	<u>94,188</u>	<u>-</u>	<u>-</u>
	<u>\$ 239,137</u>	<u>\$239,137</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interest in Remainder Trusts	<u>\$1,283,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,283,749</u>

The changes in the Beneficial Interest in Remainder Trusts measured at fair value for which CURE used Level 3 inputs to determine fair value are as follows:

Balance July 1, 2008	\$1,583,269
Realized/unrealized losses – net/change in valuation	<u>(299,520)</u>
Balance, June 30, 2009	<u>\$1,283,749</u>

The beneficial interest in remainder trusts is measured at the estimated future cash flows which involve unobservable inputs. As a result, these present value techniques are Level 3 inputs.

# CURE INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2009 and 2008

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### (4) BUILDINGS AND EQUIPMENT

Buildings and equipment consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
U.S. Headquarters		
Land and building	\$ 574,998	\$ 573,419
Furniture and equipment	384,297	325,600
Overseas Hospitals		
Land and building	15,151,894	12,031,767
Furniture and equipment	9,189,958	6,534,028
Hospitals under construction	<u>1,561,541</u>	<u>1,947,367</u>
	26,862,688	21,412,181
Less accumulated depreciation	<u>5,317,206</u>	<u>3,999,925</u>
	<u>\$21,545,482</u>	<u>\$17,412,256</u>

Hospitals in Afghanistan, Kenya, Malawi, Niger and Uganda operate under ground leases which expire between 2048 and 2099.

The Government of the United Arab Emirates approved a grant in the amount of \$83,004,490 (305 million Dhs.) to the General Health Authority for the hospital construction project of UAE. The construction project and related costs are subject to the approval of the Project Committee, established by the Government of the United Arab Emirates. Once approved, funds are transmitted to the various vendors for the related contract costs. As such, UAE records the construction costs and the related contribution in-kind when such expenses have been incurred. For the year ended June 30, 2009, CURE recorded \$1,604,774 (cumulative amount recorded \$4,236,660) of donated construction services which is included in Contributions – donated medical equipment and supplies and services in the Statement of Activities and Changes in Net Assets.

### (5) CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as contributions receivable. These contributions receivable are recorded after discounting to the present value of the future cash flows. The contributions receivable are expected to be realized as follows:

	<u>2009</u>	<u>2008</u>
In less than one year	\$3,729,355	\$229,392
One to five years	<u>2,487,979</u>	<u>600,797</u>
Contributions receivable	6,217,334	830,189
Less: discount to present value (5%)	<u>(297,122)</u>	<u>-</u>
	<u>\$5,920,212</u>	<u>\$830,189</u>

At June 30, 2009, substantially all of the contributions receivable (\$5,872,261) represent a pledge for donated hardware and hospital management software. The donor will pay the funds directly to the vendors of the hardware and software.

# CURE INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2009 and 2008

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### (6) BENEFICIAL INTEREST IN REMAINDER TRUSTS

CURE is the beneficiary of two charitable remainder unitrusts gifted by related parties. These agreements provide for payment of distributions to the grantors over their lifetimes. At the end of the term, the remaining assets will be distributed to CURE. The present value of assets to be received by CURE totaled \$1,283,749 and \$1,583,269 at June 30, 2009 and 2008, respectively.

### (7) NOTES PAYABLE

During the year, UAE exercised a term loan with a commercial bank in Abu Dhabi, United Arab Emirates. At June 30, 2009, \$476,253 was outstanding. The outstanding balance is payable in 8 equal quarterly installments at an interest rate of 3% over the three month Emirates Bank Offering Rate (**EBOR**) with a minimum rate of 7.5%. No amounts were outstanding at June 30, 2008.

Maturity of outstanding debt is as follows:

2010	\$ 272,144
2011	<u>204,109</u>
	476,253
Less current portion	<u>(272,144)</u>
	<u>\$ 204,109</u>

UAE has available a \$544,289 (AED 2 million) term loan with a commercial bank in Abu Dhabi, United Arab Emirates for the purchase of new machinery and equipment. Outstanding balances carry an interest rate of 5% over the three month EBOR with a minimum rate of 9%. Balances are payable in 15 equal quarterly installments. UAE has the option to exercise all or a portion of the loan at any time. There was no outstanding balance at June 30, 2009.

During 2009, UAE entered into a \$1,088,578 (AED 4 million) line of credit with a commercial bank in Abu Dhabi, United Arab Emirates. Outstanding balances are subject to an interest rate of 4% over the 3 month EBOR with a minimum interest rate of 8%. Any amounts drawn are payable on demand by the bank. There was no outstanding balance at June 30, 2009 under this line of credit.

On July 1, 2008, CURE entered into a \$2,000,000, unsecured, working capital line of credit with a foundation which expires on June 30, 2010. Outstanding balances on this line of credit are payable in 36 equal installments commencing July 1, 2011. Interest on this line of credit is at 5% on any balance outstanding after July 1, 2014. There were no outstanding borrowings at June 30, 2009. On October 28, 2009, CURE borrowed \$500,000 under this line of credit. The \$500,000 obligation will be forgiven and converted to a gift if CURE can raise \$500,000 in matching gifts at a March 2010 fundraising event.

# CURE INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2009 and 2008

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### (8) NET ASSETS

Temporarily restricted net assets at June 30, 2009 and 2008 are available for the following purpose:

	<u>2009</u>	<u>2008</u>
Hospital construction	\$2,469,131	\$3,475,110
Use in future periods – charitable remainder trusts	1,283,749	1,583,269
Pledges receivable	<u>5,920,212</u>	<u>830,189</u>
	<u>\$9,673,092</u>	<u>\$5,888,568</u>

During the year ended June 30, 2009, net assets were released from donor restrictions by incurring expenses for missionary, program and capital expenditures of \$8,380,927.

### (9) CONTRIBUTIONS – DONATED MEDICAL EQUIPMENT AND SUPPLIES AND SERVICES

Contributions of donated medical equipment and supplies and services consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Medical and hospital equipment and supplies	\$ 15,339,001	\$5,739,324
Administrative services	300,000	300,000
Construction services (Hospital in UAE)	<u>1,604,774</u>	<u>2,300,225</u>
	<u>\$ 17,243,775</u>	<u>\$8,339,549</u>

### (10) RELATED PARTY TRANSACTIONS

CURE received contributions of approximately \$201,000 in 2009 and \$3,984,000 in 2008 from its President and family members.

### (11) PENSION PLANS

CURE has a Simplified Employee Pension Plan covering all employees, excluding foreign nationals, who have attained the age of 21 and have completed six months of service. CURE makes contributions to the plan on a discretionary basis based on a percentage of the employees compensation established by the Board of Directors. Total expense charged for contributions to the plan was approximately \$130,000 and \$149,000 for the years ended June 30, 2009 and 2008, respectively.

In addition, CURE has a 403(b) plan for employees who are United States citizens. CURE does not contribute to this plan.

***TAIT, WELLER & BAKER LLP***  
*Certified Public Accountants*  
*Philadelphia, New Jersey, New York*  
*[www.taitweller.com](http://www.taitweller.com)*