D-REV: DESIGN FOR THE OTHER NINETY PERCENT
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017)

HEALY AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

May 30, 2019

Board of Directors
D-Rev: Design for the Other Ninety Percent
San Francisco, California

Report on the Financial Statements

I have audited the accompanying financial statements of D-Rev: Design for the Other Ninety Percent (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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, I 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.

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of D-Rev: Design for the Other Ninety Percent as of December 31, 2018, and 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.

Report on Summarized Comparative Information

I have previously audited the D-Rev: Design for the Other Ninety Percent 2017 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated June 5, 2018. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Healy and Associates

Healy and Associates
Concord, California

D-REV: DESIGN FOR THE OTHER NINETY PERCENT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 742,610	$ 153,035
Accounts and grants receivable	450,000	758,825
Product inventory	26,340	34,115
Prepaid expenses	21,289	71,570
TOTAL CURRENT ASSETS	1,240,239	1,017,545
Fixed assets, net	37,743	47,446
Accounts and grants receivable, long-term	261,373	505,358
Intangible assets, net	7,943	9,437
Deposits	7,875	7,875
TOTAL ASSETS	$ 1,555,173	$ 1,587,661
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 38,258	$ 35,530
Accrued payroll and PTO payable	72,117	48,554
Tenant deposit	2,914	2,914
Note payable - current portion	100,000	100,000
Notes payable - accrued interest payable	625	625
TOTAL CURRENT LIABILITIES	213,914	187,623
Long-term notes payable	300,000	400,000
TOTAL LIABILITIES	513,914	587,623
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	351,577	206,157
With donor restrictions	689,682	793,881
TOTAL NET ASSETS	1,041,259	1,000,038
TOTAL LIABILITIES AND NET ASSETS	$ 1,555,173	$ 1,587,661

D-REV: DESIGN FOR THE OTHER NINETY PERCENT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2018	Total All Funds 2017
SUPPORT AND REVENUE				
Grants, awards, and contributions	$ 1,023,914	$ 786,175	$ 1,810,089	$ 1,275,117
Government contracts	200,000	-	200,000	619,903
Product sales	16,496	-	16,496	40,892
Product licensing and royalties	9,395	-	9,395	5,876
Other	(54)	-	(54)	3,169
In-kind	121,200	-	121,200	75,260
	1,370,951	786,175	2,157,126	2,020,217
Net assets released from restrictions	890,374	(890,374)	-	-
TOTAL SUPPORT AND REVENUE	2,261,325	(104,199)	2,157,126	2,020,217
EXPENSES				
Program services	1,549,188	-	1,549,188	1,365,500
Administration	288,734	-	288,734	313,689
Fundraising	277,983	-	277,983	246,227
TOTAL EXPENSES	2,115,905	-	2,115,905	1,925,416
CHANGE IN NET ASSETS	145,420	(104,199)	41,221	94,801
NET ASSETS, beginning of year	206,157	793,881	1,000,038	905,237
NET ASSETS, end of year	$ 351,577	$ 689,682	$ 1,041,259	$ 1,000,038

D-REV: DESIGN FOR THE OTHER NINETY PERCENT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)

	Program Services	Administration	Fundraising	Total All Funds 2018	Total All Funds 2017
Salaries and wages	$ 754,631	$ 146,596	$ 177,191	$ 1,078,418	$ 1,027,305
Payroll taxes	58,395	11,354	13,514	83,263	83,805
Employee benefits	60,937	30,030	10,165	101,132	105,445
Total personnel costs	873,963	187,980	200,870	1,262,813	1,216,555
Professional fees	259,537	49,944	36,398	345,879	243,562
Travel and meals	115,904	8,416	19,174	143,494	35,676
In-kind	121,200	-	-	121,200	75,260
Occupancy	52,725	10,054	12,044	74,823	73,613
General business development	31,231	-	-	31,231	73,599
Communications and equipment	5,590	14,331	4,479	24,400	30,846
Utilities	11,968	4,509	2,616	19,093	15,669
Event	15,639	310	39	15,988	5,115
Other expenses	9,801	1,569	92	11,462	2,227
Taxes and fees	11,192	175	-	11,367	11,968
Depreciation and amortization	11,111	36	50	11,197	16,803
Cost of goods sold	10,537	-	-	10,537	21,259
Insurance	5,511	3,365	14	8,890	9,078
Dues and memberships	5,856	107	502	6,465	2,098
Product research and development	5,849	-	-	5,849	47,367
Interest and bank charges	430	3,042	898	4,370	3,996
Office supplies	143	2,784	116	3,043	4,444
Postage, printing, and copying	933	532	517	1,982	5,171
Payroll service fees	-	1,580	-	1,580	2,685
Marketing	68	-	174	242	85
Brilliance units financed by donor	-	-	-	-	28,340
Total expenditures	$ 1,549,188	$ 288,734	$ 277,983	$ 2,115,905	$ 1,925,416

D-REV: DESIGN FOR THE OTHER NINETY PERCENT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)

	Total All Funds	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 41,221	$ 94,801
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,197	16,803
	52,418	111,604
CHANGES IN ASSETS AND LIABILITIES:		
(Increase) decrease in:		
Grants and accounts receivable	552,810	(401,599)
Inventory	7,775	17,141
Prepaid expenses	50,281	(61,681)
Increase (decrease) in:		
Accounts payable and accrued expenses	26,291	44,967
Deferred revenue	-	(4,657)
Tenant deposit	-	2,914
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	689,575	(291,311)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets, net of disposals	-	(463)
NET CASH USED BY INVESTING ACTIVITIES	-	(463)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of note payable	(100,000)	-
NET CASH USED BY FINANCING ACTIVITIES	(100,000)	-
NET CHANGE IN CASH	589,575	(291,774)
CASH AND CASH EQUIVALENTS, beginning of year	153,035	444,809
CASH AND CASH EQUIVALENTS, end of year	$ 742,610	$ 153,035
SUPPLEMENTAL INFORMATION:		
Interest paid	$ 1,822	$ 1,250

NOTE A – NATURE OF ACTIVITIES

D-Rev: Design for the Other Ninety Percent (Organization) is a California non-profit corporation headquartered in San Francisco, California with team members based in India and East Africa. D-Rev believes no one should die or suffer from an easily treatable health condition. Its mission is to design and deliver user-centric medical technologies that close the quality healthcare gap for underserved populations.

The Organization's primary source of support is grants and contributions from foundations, corporations, and individuals. The Organization delivers its products via a market-driven model to over 50 countries, predominantly in South Asia, SE Asia, and Sub-Saharan Africa.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method and Basis of Presentation

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
>
> **Net assets with donor restrictions**: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.
>
> Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Tax Exemption Status
The Organization has received tax exempt status under section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The Organization has determined that there are no uncertain tax positions that require recognition or disclosure in the financial statements.

Cash and Cash Equivalents
Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months, which are neither held for nor restricted by donors for long term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts and Grants Receivable
Accounts and grants receivable are stated at the amounts management expects to collect from outstanding balances. The Organization evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. Management did not consider an allowance for doubtful accounts necessary as of December 31, 2018 and 2017.

Inventory
Product inventory is valued at the lower of cost or market. Cost is determined on a first-in, first-out method. Management performs periodic assessments to determine the existence of obsolete, slow moving and non-salable inventories, and records necessary provisions to reduce such inventories to net realizable value.

Fixed Assets
Fixed asset additions in excess of $5,000 are recorded at cost or if donated, at fair value on the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements
The Organization's financial instruments include cash and cash equivalents measured using Level 1 inputs. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1— Quoted prices for identical assets and liabilities in active markets.
Level 2—Observable inputs other than Level 1, which include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
Level 3— Unobservable inputs that cannot be corroborated by observable market data.

Revenue Recognition
The Organization is supported primarily through grants and contributions from foundations, individuals, and corporations. In accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities,* contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 statements of activities as net assets released from restrictions. As permitted by ASC 958, donor-restricted contributions whose restrictions are met in the same year may be reported as unrestricted support.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)
Sales of product are recognized as revenue when the product ships or evidence of a sale exists. Deferred revenue represents funds received for products not yet shipped to customers. In accordance with accounting principles generally accepted in the United States of America, the Organization records the present value of the estimated future cash flows for contributions that exceed one year.

Donated Services and In-Kind Contributions
The Organization receives goods and services, which are donated for carrying out its mission. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received.

Functional Allocation of Expenses
The costs of program activities and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs, such as general and administrative expenses, include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited.

Comparative Information and Reclassifications
The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2017, from which the summarized information was derived.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principles
During the year ended December 31, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"), required for annual reporting periods beginning after December 15, 2017. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provide about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity and availability has also been added.

Recent Accounting Pronouncements
In May 2014, as part of its ongoing efforts to assist in the convergence of U.S. GAAP and International Financial Reporting Standards ("IFRS"), the FASB issued 2014-09, *Revenue from Contracts with Customers* (Topic 606). The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The ASU provides alternative methods of initial adoption and will become effective for private companies for annual periods beginning after December 15, 2018. The FASB has issued several updates to the standard which i) defer the original effective date from January 1, 2018 to January 1, 2019, while allowing for early adoption as of January 1, 2018 (ASU 2015-14); ii) clarify the application of the principal versus agent guidance (ASU 2016-08); and iii) clarify the guidance on inconsequential and perfunctory promises and licensing (ASU 2016-10). In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers* (Topic 606) *Narrow-Scope Improvements and Practical Expedients*, to address certain narrow aspects of the guidance including collectability criterion, collection of sales taxes from customers, noncash consideration, contract modifications and completed contracts. This issuance does not change the core principle of the guidance in the initial topic issued in May 2014. The Organization is currently evaluating the impact of adopting this new guidance on its financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Organization is currently evaluating impact of adopting this new guidance on its financial statements.

NOTE C – CONCENTRATIONS

At December 31, 2018 and 2017, 72% and 96% of accounts receivable are due primarily from two and three funders, respectively. For the years ended December 31, 2018, the Organization received approximately 62% and 25% of revenue from four and three donors, respectively. The loss of this funding could have an impact on the Organization's ability to operate its programs.

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

NOTE D – ACCOUNTS AND GRANTS RECEIVABLE

As of December 31, 2018 and 2017, accounts and grants receivable consist of the following:

Amount Due	2018	2017
Within one year	$ 450,000	$ 758,825
Due within two to five years	261,373	505,358
	$ 711,373	$ 1,264,183

Grants that exceed two years are discounted to the present value. As of December 31, 2018 and 2017, the Organization has a discount on receivables of $38,627 and $44,642, respectively.

NOTE E – FIXED ASSETS

Fixed assets by major classes at December 31 consist of the following:

	2018	2017
Computers, furniture, and equipment	$ 16,808	$ 16,808
Leasehold improvements	19,613	19,613
Tooling for products	66,050	66,050
	102,471	102,471
Less: Accumulated depreciation	(64,728)	(55,025)
Total fixed assets, net	$ 37,743	$ 47,446

Depreciation expense for the years ended December 31, 2018 and 2017 is $9,703 and $14,277, respectively.

NOTE F – INTANGIBLE ASSETS

Intangible assets at December 31 consist of the following:

	2018	2017
Intellectual property - Patents	$ 9,437	$ 26,282
Less: Accumulated amortization	(1,494)	(16,845)
Total intangible assets	$ 7,943	$ 9,437

Amortization expense for the years ended December 31, 2018 and 2017 is $1,494 and $2,526, respectively.

NOTE G – NOTE PAYABLE

During the years ended December 31, 2014 and 2013, the Organization entered into unsecured promissory notes with a foundation in the amounts of $250,000 and $250,000, respectively, for a total available of $500,000. The funds are to be used to support general D-Rev operations with the expectation of launching three neonatal products, along with the global launch and scale of the ReMotion Knee. The loan agreement was modified on June 4, 2018, to mature on December 15, 2021 and bear interest at a below market rate of 0.25% per annum. Interest, if imputed, would not be material to these financial statements taken as a whole.

At December 31, 2018 and 2017, the Organization owed $400,000 and $500,000, respectively, with the current portion of $100,000 and accrued interest payable of $625. Total interest expense for the year ended December 31, 2018 and 2017 is $1,822 and $1,250, respectively.

NOTE H – COMMITMENTS AND CONTINGENCIES

The Organization leases the office facility in San Francisco under a non-cancelable operating lease agreement through August 2022. The base rent is $13,125 per month increasing at a rate of 3% annually. The Organization also subleases 1,669 rentable square feet of space at a monthly rate of approximately $2,900 increasing at a rate of 3% annually through September 2019. The Organization recognized approximately $35,000 in sublet rental income from this arrangement and reflects the income as a reduction to rent expense in the accompanying financial statements.

The Organization's future minimum lease payments as of December 31, 2018 are as follows:

Years ended December 31	Lease Commitment
2019	$ 127,725
2020	$ 159,075
2021	$ 163,847
2022	$ 111,394

The Organization recognized $74,823 and $73,613 in rental expense for the year ended December 31, 2018 and 2017, respectively.

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. Management believes the Organization has complied with the terms of all grants.

NOTE I – EMPLOYEE BENEFITS

Employees of the Organization are entitled to paid time-off (PTO) and gain a vested right to accumulated PTO. Accrued PTO was $27,569 and $31,845 as of December 31, 2018 and 2017, respectively, as reflected in the statement of financial position.

Effective January 1, 2013, the Organization adopted a 401(k) benefit plan covering substantially all qualified employees. In addition to employee contributions, the Organization is committed to match a portion of non-highly compensated employees' contributions. The Organization's total matching contribution for the 2018 and 2017 plan year was $23,236 and $15,883, respectively.

NOTE J – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	$ 742,610
Grants and accounts receivable	711,373
Total financial assets	1,453,983
Less:	
Net assets with purpose restrictions to be met in one year	(689,682)
Grants and accounts receivable expected after one year	(261,373)
Financial assets available to meet cash needs for general expenditures within one year	$502,928

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements, if available, in short-term investments.

NOTE K – NET ASSETS WITH DONOR RESTRICTIONS

Activity in net assets with donor restrictions for the year ended December 31, 2018, consists of the following:

Nature of Restriction	Beginning Balance	Income and Contributions	Released from Restriction	Ending Balance
Time restricted	$ 555,358	$ 321,015	$ (315,000)	$ 561,373
Brilliance/newborn health	-	200,000	(200,000)	-
Community outreach	-	25,000	(25,000)	-
Mobility	-	140,160	(140,160)	-
New product development	238,523	100,000	(210,214)	128,309
Total	$ 793,881	$786,175	$ (890,374)	$ 689,682

NOTE L – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for recognition and disclosure through May 30, 2019, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2018, that required recognition or disclosure in the financial statements.

In March 2019, the Organization engaged one of their Board members to serve as Interim COO.