

Independent Accountant's Review Report

To the Board of Directors
Preemptive Love Coalition

We have reviewed the accompanying statement of assets and liabilities - basis of cash receipts and disbursements of Preemptive Love Coalition as of December 31, 2012 and the related basis of cash receipts and disbursements statements of activities and changes in net assets and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of Preemptive Love Coalition is responsible for the preparation and fair presentation of the financial statements and for maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

As described in Note I, the Company's policy is to prepare its financial statements on the basis of cash receipts and disbursements. Consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statements referred to above are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting.

Plante & Moran, PLLC

July 17, 2013

Preemptive Love Coalition

Statement of Assets and Liabilities - Basis of Cash Receipts and Disbursements December 31, 2012

Assets	
Current Assets - Cash and cash equivalents	\$ 284,795
Other Assets	
Inventory	10,433
Other assets	2,939
Property and Equipment - Net (Note 2)	<u>4,130</u>
Total assets	<u><u>\$ 302,297</u></u>
Liabilities and Net Assets	
Current Liabilities - Other liabilities	\$ 7,358
Net Assets - Unrestricted	<u>294,939</u>
Total liabilities and net assets	<u><u>\$ 302,297</u></u>

Preemptive Love Coalition

Statement of Activities and Changes in Net Assets - Basis of Cash Receipts and Disbursements Year Ended December 31, 2012

Unrestricted Revenue and Other Support

Contributions and grants	\$ 1,549,856
Interest income	795
Other revenue	<u>4,827</u>
Total unrestricted revenue and other support	1,555,478

Expenses

Grants	1,383,478
Salaries and payroll taxes	52,660
Other expenses	<u>144,916</u>
Total expenses	<u>1,581,054</u>

Decrease in Unrestricted Net Assets (25,576)

Unrestricted Net Assets - Beginning of year 320,515

Unrestricted Net Assets - End of year \$ 294,939

Preemptive Love Coalition

Statement of Functional Expenses - Basis of Cash Receipts and Disbursements Year Ended December 31, 2012

	Support Services			Total Expenses
	Program Services	Management and General Expenses	Fundraising Expenses	
Grants	\$ 1,383,478	\$ -	\$ -	\$ 1,383,478
Salaries	25,118	15,342	12,200	52,660
Professional fees	-	2,250	-	2,250
Office	11,248	5,046	242	16,536
Information technology	433	5,547	673	6,653
Occupancy	18,850	-	-	18,850
Travel	47,927	233	2,425	50,585
Depreciation	-	2,754	-	2,754
Exchange rate loss	13	12,704	-	12,717
Other	31,770	932	1,869	34,571
Total functional expenses	<u>\$ 1,518,837</u>	<u>\$ 44,808</u>	<u>\$ 17,409</u>	<u>\$ 1,581,054</u>

Preemptive Love Coalition

Notes to Financial Statements December 31, 2012

Note 1 - Nature of Activities and Significant Accounting Policies

Nature of Organization - Preemptive Love Coalition (PLC) was established as a 501(c)(3) nonprofit in February 2008. PLC's mission is to provide lifesaving heart surgeries for Iraqi children in the pursuit of peace. PLC's activities include the provision of lifesaving heart surgeries inside Iraq, training for local Iraqi medical teams, peacemaking initiatives, student internships, and the project Buy Shoes. Save Lives. PLC's programs are supported primarily by individual contributions, grants, local partnerships, and the contributed services of partnering medical volunteers and organizations. PLC was established to help eradicate the backlog of Iraqi children waiting in line for lifesaving surgery. To date, PLC has helped provide 400 life-changing operations along with over 30,000 hours of hands-on training to local Iraqi medical teams. PLC's programs establish sustainable and independent pediatric cardiac centers in cities that span every ethnicity, faith background, and economic class inside Iraq.

Basis of Accounting - The accompanying financial statements have been prepared on the basis of cash receipts and disbursements. The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. It differs from financial statements presented in conformity with accounting principles generally accepted in the United States of America in that revenue and expenses are recorded as cash is actually received and expended rather than recording revenue as it is earned and expenses as they are incurred.

Cash and Cash Equivalents - Cash consists of cash on hand. PLC considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Contributions - Contributions are reported as revenue when received, measured at fair value.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets. PLC did not have any restricted contributions at December 31, 2012.

Contract Revenue Recognition - PLC enters into contracts with certain governmental and private agencies. Revenue under these contracts is recognized when received. The activities of PLC relating to certain contracts are subject to review or audit by the responsible governmental agency to determine compliance with award documents and may be subject to possible adjustment based on negotiations with the funding agencies. PLC has not provided allowances in the financial statements for potential adjustments since such amounts, if any, are not expected to be significant.

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Federal Income Taxes - PLC is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by PLC and recognize a tax liability if PLC has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by PLC and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

PLC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2009.

Property and Equipment - Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Classification of Net Assets - Net assets of PLC are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting PLC's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Functional Allocation of Expenses - The costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. Indirect costs have been allocated between the programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Inventory - Inventory, which consists of supplies, is stated at the lower of cost or market, by use of the first-in, first-out (FIFO) method of valuation.

Preemptive Love Coalition

Notes to Financial Statements December 31, 2012

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including July 17, 2013, which is the date the financial statements were available to be issued.

Concentration of Credit Risk - PLC has a concentration of credit risk in that the majority of PLC's revenues are derived from one grant source, which is the Iraqi government.

The potential for loss is contingent upon the stability of the governments in which they operate.

Donated Services and Assets - Certain donated services are recognized as support in the statement of activities and changes in net assets. The value of these services is determined based on estimated fair value. During 2012, donated services totaled \$2,150 and related to donated cell phone and tax preparation services.

Note 2 - Property and Equipment

The cost of property and equipment is summarized as follows:

	<u>Amount</u>	<u>Depreciable Life - Years</u>
Computer equipment and software	\$ 8,605	3-5
Accumulated depreciation and amortization	<u>4,475</u>	
Net property and equipment	<u>\$ 4,130</u>	

Depreciation and amortization expense was \$2,754.