

A close-up, high-resolution photograph of a young child's face, focusing on the eyes and nose. The child has dark, expressive eyes and a slight smile. The skin is fair and has a natural texture. The background is softly blurred, showing hints of yellow and green.

# **Annual Report 2008**

**Quality, Sustainable Health  
Care for the World's Poor**

**Andean Health  
& Development**



# Executive Director's Message

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Dear Friends,

It is my pleasure to share with you the accomplishments of Andean Health & Development (AHD) in 2008 and the beginning of 2009. We have come such a long way from the days when I first had contact with the Ecuadorian poor and Fr. Hesburgh encouraged me to go back to school to become a physician.

In 2008, Hospital Pedro Vicente Maldonado (PVM) expanded its focus on training local health care doctors, nurses, and administrators. This was possible because of community partnerships and local collaborations. AHD established and strengthened relationships with the Catholic University of Ecuador, a medical school in Quito, and the Luis Vargas Torres University, a nursing school in La Concordia. This means that AHD not only serves patients on the ground today but also trains local doctors and nurses to be the rural health care leaders of tomorrow. These local collaborations and the investment in local personnel will contribute to the long-term success of the AHD Model and ultimately institutional change in the way health services are delivered.

Additionally, we partnered with the Ministry of Health and now work alongside the public sector in La Maná, Ecuador. We are hoping that an introduction of the AHD model into the public sector will help spread quality care and medical education into new regions of the country.

The self-sustainable Hospital PVM is a revolutionary facility. The hospital now functions completely with electronic medical records (EMRs). We are proving that quality health care can and does exist in poor, rural Latin America. In fact, this success caught the attention of the World Health Organization. Our local director, Dr. Diego Herrera, and I spoke at a conference in Rio de Janeiro, Brazil, to discuss our rural hospital model.

The future holds many good things for AHD, and more importantly for the women and children in need of health services, and the Ecuadorian students looking for better educational opportunities.

Thank you for all of your support!

Sincerely,



David Gaus, M.D., MPH & TM  
Executive Director, Andean Health & Development

# OUR MISSION

Andean Health & Development is fundamentally changing rural health care in Ecuador by providing sustainable, quality medical care today and by training the rural health care leaders of tomorrow. We are committed to a new vision of primary care based on small rural hospitals that are the focal point for comprehensive community health - championing prevention while still saving the lives of women and children every day.

**Sustainable** means we do not generate operating deficits. We accomplish this because we are community-based with local staff supported completely with the efficient use of local funds, and through a public - private partnership with the Ministry of Health and Social Security Administration.

**Quality** means we operate utilizing the best medical and administrative practices available anywhere in the world. Our results are carefully measured using applied 21<sup>st</sup> century information systems. Our best practices are innovative, transparent, and accountable.

**Training** means providing comprehensive education of our best medical and administrative practices to our physician residents and our nursing students. These residency programs are conducted in partnership with the Catholic University of Ecuador and the Luis Vargas Torres University of La Concordia.





# OUR LOCATIONS IN ECUADOR



**1. Hospital Pedro Vicente Maldonado**  
Pilot Hospital – 100% self-sustaining



**2. Hospital La Maná**  
Partner Hospital with the Ecuadorian  
Ministry of Health (MOH)



**3. Saludes National Headquarters,**  
Quito  
AHD's in-country office

**4. Catholic University, Quito**  
Medical Residency Affiliation

**5. Luis Vargas Torres University of**  
La Concordia Nursing Affiliation

## Recent Publications

Gaus D. The Rural Hospital in Ecuador, *Health Affairs* 28, no. 4 (2009): 1003–1010;  
10.1377/hlthaff.28.4.1003

Gaus D., Herrera D., Heisler M., Cline B.L., Richmond J. Making secondary care a primary concern: the rural hospital in Ecuador. *Pan American Journal of Public Health*. 2008; 23(3):212–7.

# PEOPLE SERVED



Meningitis is an example of a childhood infectious disease that takes the lives of many children in the developing world. Vaccines have drastically reduced this problem in the US, but they are not yet readily available here in Ecuador.

Elena is a 5 year-old girl who lives far from the hospital. Her parents brought her in after two days of symptoms of meningitis. We successfully diagnosed and treated her. She is now in kindergarten learning with

Carmen is a 22 year old woman who came into the hospital extremely pale, lightheaded, with lower abdominal pain. She was approximately 6 weeks pregnant at the time. Her blood pressure was extremely low (70/40) and her belly was tender. It was the middle of the night.

She was immediately diagnosed with an ectopic pregnancy and rushed to the operating room (OR). The resident physician saved her life. From presentation to the OR was 15 minutes, which is impressive for a rural hospital in the developing world. Public hospitals aren't even open 24 hours. That speed is what saved her life.



**In the ten years since Hospital Pedro Vicente Maldonado's Opening, we have seen:**

*3,000 Childbirths*

*96,000 Outpatient visits*

*3,000 Surgeries*

*9,300 Hospitalizations*

*15,000 Emergencies*

*200,000 Filled prescriptions*

*300,000 Lab tests*

*108,000 Meals to patients*

*3,000 acute emergency medical situations that might have otherwise required transport to Quito*

*\$360,000 invested in city of Pedro Vicente, not outside*

*\$3.5 million raised in the US*

*\$3.6 million raised in HPVM*

Please refer to the website for additional information about AHD's history and the progress of its current projects:

**[www.andeanhealth.org](http://www.andeanhealth.org)**



# RESIDENCY AND NURSE TRAINING PROGRAM

In 2008, AHD accepted 6 residents and 4 nurses into the AHD Program. 2009 brought 10 more students. These students are tomorrow's rural health care leaders.

A few weeks ago, one of residents, Ana Morales, had just learned at one of workshops how to manage a complicated, life-threatening condition in women who are giving birth: Shoulder dystocia. What this means is that the baby's head comes out, but the front shoulder gets trapped behind the mother's pubic bone. This is a major problem in countries like Ecuador where often the knowledge and skills lag behind the need. Babies can have their blood supply stopped, and the mother can suffer some major tissue damage. A physician has 4 minutes to deliver the baby before the complications begin. So we teach them a series of rapid sequence maneuvers to solve the problem quickly.

Two days after the workshop, Ana's patient came in from a very poor village in a remote area of the region to deliver her baby. During the delivery, the mother's baby got stuck on the way out. Ana carefully applied what she had learned in the recent workshop. She correctly diagnosed and managed the shoulder problem! The baby was delivered without complications! Mom and baby happily went home the next day. Ana was ecstatic about learning the management of the problem and being able to apply it immediately!

This is the power of the AHD Model. We provide great care for the poorest of the poor. But we also train people to apply state of the art, learned skills and technology to help these same people. There's no doubt. What saves lives and empowers health care professionals is the **AHD Model**.

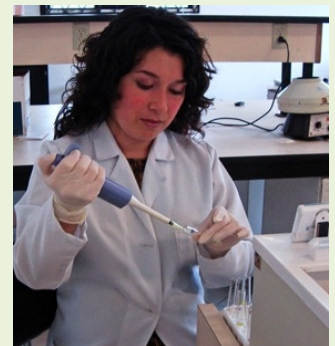
## PROFILE OF 2008 PHYSICIAN RESIDENT, DR. AMANDA TENE RUEDA

"My name is Amanda Elizabeth Tene Rueda. I am 26 years old. I was born in Quito, but my family is originally from Loja. I studied at the Universidad Central del Ecuador. I was interested in family medicine when I was working as a rural physician in San Gabriel. I liked my first rotation in Hospital PVM. It was very hard and I learn very much about rational medicine, even though I never had enough time to study!! I'm very happy to have chosen this career.

I think family medicine is very important in order to improve the health conditions in my country, especially in rural areas. Fortunately, I can dedicate more time to my career because I don't have children or any other huge responsibility. I am single, my family is big – 8 members, I am the second, but I am the only physician.

*Mi nombre es Amanda Elizabeth Tene Rueda. Tengo 26 años. Nací en Quito, pero mi familia es de Loja. Estudié en La Universidad Central del Ecuador. Hice el año de medicatura rural en San Gabriel provincia del Carchi. Ahí me nació la el interés por la medicina familiar. Me interesó mucho desde el principio la idea de hacer un postgrado en hospital rural. La primera rotación ha cumplido con las expectativas, aunque siempre hace falta mas tiempo para estudiar. Estoy contenta de haber escogido la carrera.*

*Pienso que la medicina familiar será un pilar importante para el mejoramiento de la salud sobre todo en las comunidades rurales. Afortunadamente, puedo entregar mucho más tiempo al postgrado porque no tengo hijos, ni otra responsabilidad mayor. Mi familia es un poco grande somos 8 personas, soy la segunda, la única médico de la familia."*



# FINANCE & GOVERNANCE

Andean Health and Development is a 501(c)3 non-profit organization. Its financials are audited by Lulloff & Taylor, LLC, CPA. Hospital Pedro Vicente Maldonado's financials are audited by Pinto & Garces, Asociados Cia. Ltda., member of Russell Bedford International. AHD's Federal ID Number is 39-1809171.

## Statutory Board of Directors

Theodore M. Hesburgh, C.S.C,  
*University of Notre Dame*

Michael Heisler, M.D., MPH  
*University of South Dakota*

David Gaus, M.D., MPH & TM  
*Quito, Ecuador*

## Honorary Board Member

Rosalynn Carter  
*The Carter Center*

## Saludesa Board Members

Miguel and Maria Elena Andrade  
*Quito, Ecuador*

David Nelson, Ph. D.  
*Quito, Ecuador*

## Officers

David Gaus, M.D., MPH & TM  
*Executive Director*

Diego Herrera, M.D.  
*Director of Operations in Ecuador*

Laura Dries, MBA  
*Director of Operations in US*

## Advisory Board

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*Seattle*

Beth Toomey  
*Seattle*

Peter Urbain  
*Chicago*

Timothy Willis  
*New York*





## **LULLOFF & TAYLOR LLC**

**Certified Public Accountants and Consultants**  
**3333 N. Mayfair Road, Suite 203**  
**Wauwatosa, WI 53222**

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☎ (414) 777-0700 ☎ (414) 777-0701  
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### **MEMBERS**

**Mark S. Lulloff, CPA**  
**David A. Taylor, CPA**

### **CONSULTANTS**

**Robert A. Leack, CPA**  
~~~~~  
**Paul H. Bailey, Mgr.**

## **Independent Auditors' Report**

Board of Trustees  
Andean Health & Development, Inc.  
10200 W. Bluemound Road Apt. #327  
Wauwatosa, WI 53226

We have audited the accompanying statements of financial position – cash basis of ANDEAN HEALTH & DEVELOPMENT, INC. (a not-for-profit corporation) as of December 31, 2008 and 2007 and the related statements of activities and net assets – cash basis and functional expenses – cash basis for the years 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.

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.

As described in Note A, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ANDEAN HEALTH & DEVELOPMENT, INC. as of December 31, 2008 and 2007, and the revenue and expenses and change in net assets for the years then ended on the basis of accounting described in Note A.

***Lulloff & Taylor, LLC***

July, 22 2009



**ANDEAN HEALTH & DEVELOPMENT, INC.**  
**STATEMENTS OF FINANCIAL POSITION - CASH BASIS**  
**December 31, 2008 and 2007**

|                                         | <u>2008</u>              | <u>2007</u>              |
|-----------------------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                           |                          |                          |
| <b>CURRENT ASSETS</b>                   |                          |                          |
| Cash                                    | \$ 417,049               | \$ 344,346               |
| Cash - Restricted                       | 67,010                   | 154,764                  |
| Investments                             | <u>33,915</u>            | <u>50,985</u>            |
| <b>TOTAL CURRENT ASSETS</b>             | 517,974                  | 550,095                  |
| <b>FIXED ASSETS</b>                     |                          |                          |
| Office Equipment                        | 2,952                    | 2,952                    |
| Less Accumulated Depreciation           | <u>930</u>               | <u>552</u>               |
| <b>NET FIXED ASSETS</b>                 | 2,022                    | 2,400                    |
| <b>TOTAL ASSETS</b>                     | <u><u>\$ 519,996</u></u> | <u><u>\$ 552,495</u></u> |
| <b>CURRENT LIABILITIES</b>              |                          |                          |
| Payroll Taxes Payable                   | <u>\$ -</u>              | <u>\$ 906</u>            |
| <b>TOTAL CURRENT LIABILITIES</b>        | <u>-</u>                 | <u>906</u>               |
| <b>NET ASSETS</b>                       |                          |                          |
| Unrestricted Net Assets                 | 452,986                  | 396,825                  |
| Temporarily Restricted Net Assets       | <u>67,010</u>            | <u>154,764</u>           |
| <b>TOTAL NET ASSETS</b>                 | <u>519,996</u>           | <u>551,589</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u><u>\$ 519,996</u></u> | <u><u>\$ 552,495</u></u> |

The accompanying notes to the financial statements are an integral part of these statements of financial position - cash basis.

**ANDEAN HEALTH & DEVELOPMENT, INC.**  
**STATEMENT OF ACTIVITIES & NET ASSETS - CASH BASIS**  
**For the Year Ended December 31, 2008**

|                                                                      | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>      |
|----------------------------------------------------------------------|---------------------|-----------------------------------|-------------------|
| <b>DONATIONS</b>                                                     |                     |                                   |                   |
| Cash                                                                 | \$ 303,756          | \$ -                              | \$ 303,756        |
| Non-Cash                                                             | 47,513              | -                                 | 47,513            |
|                                                                      | <u>351,269</u>      | <u>-</u>                          | <u>351,269</u>    |
| <b>TOTAL REVENUES</b>                                                |                     |                                   |                   |
|                                                                      | <u>285,221</u>      | <u>87,754</u>                     | <u>372,975</u>    |
| <b>FUNCTIONAL EXPENSES</b>                                           |                     |                                   |                   |
|                                                                      | <u>285,221</u>      | <u>87,754</u>                     | <u>372,975</u>    |
| <b>CHANGE IN NET ASSETS BEFORE<br/>INVESTMENT INCOME / (EXPENSE)</b> | 66,048              | (87,754)                          | (21,706)          |
| <b>INVESTMENT INCOME (EXPENSES)</b>                                  |                     |                                   |                   |
| Investment Income                                                    | 9,138               | -                                 | 9,138             |
| Unrealized Gain / (Loss) on Investments                              | (19,024)            | -                                 | (19,024)          |
|                                                                      | <u>(9,886)</u>      | <u>-</u>                          | <u>(9,886)</u>    |
| <b>TOTAL INVESTMENT INCOME / (EXPENSE)</b>                           |                     |                                   |                   |
|                                                                      | <u>(9,886)</u>      | <u>-</u>                          | <u>(9,886)</u>    |
| <b>CHANGE IN NET ASSETS</b>                                          | 56,162              | (87,754)                          | (31,592)          |
|                                                                      | <u>56,162</u>       | <u>(87,754)</u>                   | <u>(31,592)</u>   |
| Unrestricted Net Assets, Beginning of Year                           | 396,825             | 154,764                           | 551,589           |
|                                                                      | <u>396,825</u>      | <u>154,764</u>                    | <u>551,589</u>    |
| <b>UNRESTRICTED NET ASSETS, END OF YEAR</b>                          | <u>\$ 452,987</u>   | <u>\$ 67,010</u>                  | <u>\$ 519,997</u> |

The accompanying notes to the financial statements are an integral part of these statements of activities and net assets-cash basis.



**ANDEAN HEALTH & DEVELOPMENT, INC.**  
**STATEMENT OF ACTIVITIES & NET ASSETS - CASH BASIS**  
**For the Year Ended December 31, 2007**

|                                                                      | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>      |
|----------------------------------------------------------------------|---------------------|-----------------------------------|-------------------|
| <b>DONATIONS</b>                                                     |                     |                                   |                   |
| Cash                                                                 | \$ 410,080          | \$ 208,000                        | \$ 618,080        |
| Non-Cash                                                             | 8,890               | -                                 | 8,890             |
|                                                                      | <u>418,970</u>      | <u>208,000</u>                    | <u>626,970</u>    |
| <b>TOTAL REVENUES</b>                                                |                     |                                   |                   |
|                                                                      | <u>158,388</u>      | <u>100,000</u>                    | <u>258,388</u>    |
| <b>FUNCTIONAL EXPENSES</b>                                           |                     |                                   |                   |
|                                                                      | <u>260,582</u>      | <u>108,000</u>                    | <u>368,582</u>    |
| <b>CHANGE IN NET ASSETS BEFORE<br/>INVESTMENT INCOME / (EXPENSE)</b> |                     |                                   |                   |
|                                                                      | 260,582             | 108,000                           | 368,582           |
| <b>INVESTMENT INCOME (EXPENSES)</b>                                  |                     |                                   |                   |
| Investment Income                                                    | 14,671              | -                                 | 14,671            |
| Unrealized Gain / (Loss) on Investments                              | (1,135)             | -                                 | (1,135)           |
|                                                                      | <u>13,536</u>       | <u>-</u>                          | <u>13,536</u>     |
| <b>TOTAL INVESTMENT INCOME / (EXPENSE)</b>                           |                     |                                   |                   |
|                                                                      | <u>274,118</u>      | <u>108,000</u>                    | <u>382,118</u>    |
| <b>CHANGE IN NET ASSETS</b>                                          |                     |                                   |                   |
|                                                                      | <u>122,707</u>      | <u>46,764</u>                     | <u>169,471</u>    |
| Unrestricted Net Assets, Beginning of Year                           |                     |                                   |                   |
|                                                                      | <u>122,707</u>      | <u>46,764</u>                     | <u>169,471</u>    |
| <b>UNRESTRICTED NET ASSETS, END OF YEAR</b>                          | <u>\$ 396,825</u>   | <u>\$ 154,764</u>                 | <u>\$ 551,589</u> |

The accompanying notes to the financial statements are an integral part of these statements of activities and net assets-cash basis.

**ANDEAN HEALTH & DEVELOPMENT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS**  
**For the Year Ended December 31, 2008**

|                                  | <b>Program<br/>Expenses</b> | <b>Administrative<br/>and<br/>General<br/>Expenses</b> | <b>Fundraising<br/>Expenses</b> | <b>Total</b>      |
|----------------------------------|-----------------------------|--------------------------------------------------------|---------------------------------|-------------------|
| Wages - Professional             | \$ 56,000                   | \$ 10,000                                              | \$ 10,000                       | \$ 76,000         |
| Contract Labor                   | 9,825                       | -                                                      | -                               | 9,825             |
| Benefits                         | 9,223                       | 1,289                                                  | 1,289                           | 11,801            |
| Cash Grants to Ecuador Hospital  | 210,000                     | -                                                      | -                               | 210,000           |
| Insurance                        | -                           | 758                                                    | -                               | 758               |
| Pension Expense                  | 14,000                      | 2,500                                                  | 2,500                           | 19,000            |
| Depreciation                     | 378                         | -                                                      | -                               | 378               |
| Meeting Expenses                 | 2,692                       | -                                                      | -                               | 2,692             |
| Office Expenses                  | -                           | 2,883                                                  | -                               | 2,883             |
| Bank Charges                     | 386                         | -                                                      | -                               | 386               |
| Printing and Publications        | 4,930                       | -                                                      | -                               | 4,930             |
| Travel                           | 24,702                      | -                                                      | -                               | 24,702            |
| Telephone                        | -                           | 911                                                    | -                               | 911               |
| Postage                          | -                           | 839                                                    | -                               | 839               |
| Fundraising Expenses             | -                           | -                                                      | 1,216                           | 1,216             |
| Outside Services                 | 6,654                       | -                                                      | -                               | 6,654             |
| <b>Total Functional Expenses</b> | <b>\$ 338,790</b>           | <b>\$ 19,180</b>                                       | <b>\$ 15,005</b>                | <b>\$ 372,975</b> |

The accompanying notes to the financial statements are an integral part of this statement of functional expenses-cash basis.



**ANDEAN HEALTH & DEVELOPMENT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS**  
**For the Year Ended December 31, 2007**

|                                  | <b>Program<br/>Expenses</b> | <b>Administrative<br/>and<br/>General<br/>Expenses</b> | <b>Fundraising<br/>Expenses</b> | <b>Total</b>      |
|----------------------------------|-----------------------------|--------------------------------------------------------|---------------------------------|-------------------|
| Wages - Professional             | \$ 56,000                   | \$ 10,000                                              | \$ 10,000                       | \$ 76,000         |
| Contract Labor                   | 17,366                      | -                                                      | -                               | 17,366            |
| Benefits                         | 7,615                       | 1,359                                                  | 1,359                           | 10,333            |
| Cash Grants to Ecuador Hospital  | 92,500                      | -                                                      | -                               | 92,500            |
| Insurance                        | -                           | 758                                                    | -                               | 758               |
| Pension Expense                  | 14,000                      | 2,500                                                  | 2,500                           | 19,000            |
| Depreciation                     | 345                         | -                                                      | -                               | 345               |
| Meeting Expenses                 | 4,891                       | -                                                      | -                               | 4,891             |
| Office Expenses                  | -                           | 3,820                                                  | -                               | 3,820             |
| Bank Charges                     | 278                         | -                                                      | -                               | 278               |
| Printing and Publications        | 4,826                       | -                                                      | -                               | 4,826             |
| Travel                           | 20,536                      | -                                                      | -                               | 20,536            |
| Telephone                        | -                           | 1,782                                                  | -                               | 1,782             |
| Postage                          | -                           | 596                                                    | -                               | 596               |
| Outside Services                 | 5,357                       | -                                                      | -                               | 5,357             |
| <b>Total Functional Expenses</b> | <b>\$ 223,714</b>           | <b>\$ 20,815</b>                                       | <b>\$ 13,859</b>                | <b>\$ 258,388</b> |

The accompanying notes to the financial statements are an integral part of this statement of functional expenses-cash basis.

**ANDEAN HEALTH & DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies followed by Andean Health & Development, Inc. (the Organization) and the methods of applying those policies that materially affect the determination of financial position, changes in cash flows or results of operations are summarized below.

**Nature of Operations**

Andean Health & Development, Inc. is a not-for-profit corporation formed under the laws of the State of Wisconsin. The Organization's primary operation is to provide funding for the operation of a health care organization located in Pedro Vicente, Ecuador.

**Basis of Accounting**

All funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this method, income is recorded as cash is received and expenses are measured as cash is disbursed.

**Financial statement presentation**

The Organization presents its financial statements using Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Income Taxes**

The Organization is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**Accounting Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. Use of estimates include, but are not limited to, valuation of non-cash donations received and given.



**ANDEAN HEALTH & DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fixed Assets**

Property and equipment are stated at cost. Expenditures for additions and improvements are capitalized while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed as incurred. Properties sold, or otherwise disposed of, are removed from the property accounts.

Depreciation is provided over the estimated useful lives of the respective assets using the straight line methods.

**Investments**

Under SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market values in the statement of financial positions. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**NOTE B - CASH**

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. There was \$234,059, and \$399,066 of uninsured balance as of December 31, 2008 and 2007, respectively.

**ANDEAN HEALTH & DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

**NOTE C – NON-CASH DONATIONS**

The Organization received the following non-cash donations during the years ending December 31, 2008 and 2007:

| <b>Non - Cash Item</b>                       | <b>2008<br/>Approximate<br/>Value</b> | <b>2007<br/>Approximate<br/>Value</b> |
|----------------------------------------------|---------------------------------------|---------------------------------------|
| Travel & Meeting Expenses                    | \$ 8,395                              | \$ 4,892                              |
| Telephone                                    | 911                                   | 1,782                                 |
| Office Expense                               | 1,561                                 | 1,202                                 |
| Fund Raiser Expense                          | 1,216                                 | -                                     |
| Equipment                                    | -                                     | 1,014                                 |
| 1,750 Shares of Navigate<br>consulting stock | 35,430                                | -                                     |
| Total Non-Cash Donations                     | <u>\$ 12,083</u>                      | <u>\$ 8,890</u>                       |

**NOTE D – TEMPORARILY RESTRICTED NET ASSETS**

|            |                  |                   |
|------------|------------------|-------------------|
| Father Ted | <u>\$ 67,010</u> | <u>\$ 154,764</u> |
|------------|------------------|-------------------|

**NOTE E – INVESTMENTS**

The Organization's investments at December 31, 2008 are accounted for at current fair market value and consist of:

| <b>Mutual Funds</b>     | <b>Cost</b>      | <b>Fair Market<br/>Value</b> |
|-------------------------|------------------|------------------------------|
| Price T Rowe Retirement | <u>\$ 50,000</u> | <u>\$ 33,915</u>             |

**NOTE F – EMPLOYEE BENEFIT PLAN**

The Organization has a simplified employee pension plan covering substantially all employees. Under the plan, the Organization contributes 25 % of each eligible employee's salary. Plan expenses incurred by the Organization during 2008 and 2007 were \$19,000.