



FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

MONROE, SWEERIS & TROMP P.L.C.

INTERNATIONAL AID, INC.
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MONROE, SWEERIS & TROMP P.L.C.
Certified Public Accountants and Consultants

September 11, 2013

INDEPENDENT AUDITOR'S REPORT

Board of Directors
International Aid, Inc.
Spring Lake, Michigan

We have audited the accompanying financial statements of International Aid, Inc. (a nonprofit organization) comprised of the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows and for the years 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

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 required that we 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, we express no such opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Aid, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Monroe, Sweeris & Temp

INTERNATIONAL AID, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2013	2012
CURRENT ASSETS:		
Cash (Note 2)	\$ 1,489,358	\$ 934,255
Investments (Note 3 and 4)	251,595	-
Accounts receivable (less \$1,500 allowance for uncollectible accounts in 2013 and 2012)	68,165	104,320
Pledges receivable (Note 4)	-	25,137
Inventory	62,691	87,437
Prepaid expenses	39,898	35,467
	1,911,707	1,186,616
PROPERTY AND EQUIPMENT:		
Land and improvements	195,575	199,633
Buildings and building equipment (Note 6)	2,200,302	2,249,855
Transportation equipment	108,167	108,167
Furniture and fixtures	138,964	160,434
Computer equipment	175,952	420,818
	2,818,960	3,138,907
Less accumulated depreciation	1,884,009	2,089,799
	934,951	1,049,108
OTHER ASSETS:		
Trademarks, net of accumulated amortization (Note 1)	15,498	18,657
	15,498	18,657
	\$ 2,862,156	\$ 2,254,381

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	<u>June 30,</u>	
	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 55,657	\$ 54,964
Customer deposits	85,667	28,893
Accrued payroll and payroll taxes	24,668	27,377
Accrued compensated absences	32,161	31,891
Deferred revenue (Note 6)	60,000	60,000
Other liabilities	3,351	3,931
	<u>261,504</u>	<u>207,056</u>
TOTAL CURRENT LIABILITIES	261,504	207,056
DEFERRED REVENUE,		
Net of current portion (Note 6)	292,722	350,046
	<u>292,722</u>	<u>350,046</u>
TOTAL LIABILITIES	<u>554,226</u>	<u>557,102</u>
COMMITMENTS AND CONTINGENCIES		
(NOTE 6)		
NET ASSETS:		
Unrestricted	2,286,264	1,652,283
Temporarily restricted (Note 5)	21,666	44,996
	<u>2,307,930</u>	<u>1,697,279</u>
TOTAL NET ASSETS	<u>2,307,930</u>	<u>1,697,279</u>
	<u>\$ 2,862,156</u>	<u>\$ 2,254,381</u>

INTERNATIONAL AID, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Public support:			
Gifts-in-kind (Notes 7, 9 and 11)	\$ 85,202,271	\$ -	\$ 85,202,271
Monetary contributions (Notes 9 and 11)	1,459,594	79,280	1,538,874
Program service revenue: (Notes 9 and 11)			
Medical equipment revenue	732,952	-	732,952
Health product revenue	652,826	-	652,826
Shipping fees	94,503	-	94,503
Other revenue (expense):			
Other (Note 10)	90,753	-	90,753
Loss on disposition of assets	(2,644)	-	(2,644)
Net assets released from restrictions	102,610	(102,610)	-
TOTAL SUPPORT AND REVENUE	88,332,865	(23,330)	88,309,535
EXPENSES:			
Program activities:			
Health products and relief	84,541,200	-	84,541,200
Medical equipment	2,204,229	-	2,204,229
Supporting activities:			
General and administrative	615,623	-	615,623
Fundraising	337,832	-	337,832
TOTAL EXPENSES	87,698,884	-	87,698,884
CHANGE IN NET ASSETS	633,981	(23,330)	610,651
NET ASSETS, beginning of year	1,652,283	44,996	1,697,279
NET ASSETS, end of year	\$ 2,286,264	\$ 21,666	\$ 2,307,930

See accompanying notes to financial statements.

INTERNATIONAL AID, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Public support:			
Gifts in-kind (Notes 7, 9 and 11)	\$ 159,573,747	\$ -	\$ 159,573,747
Contributed services (Note 8)	12,391	-	12,391
Monetary contributions (Notes 9 and 11)	887,361	223,920	1,111,281
Government grants	33,657	-	33,657
Program service revenue: (Notes 9 and 11)			
Medical equipment revenue	674,384	-	674,384
Health product revenue	643,625	-	643,625
Shipping fees	100,364	-	100,364
Missionary service fees	-	-	-
Other revenue:			
Other (Note 10)	93,456	-	93,456
Loss on disposition of assets	(5,885)	-	(5,885)
Net assets released from restrictions	299,019	(299,019)	-
TOTAL SUPPORT AND REVENUE	162,312,119	(75,099)	162,237,020
EXPENSES:			
Program activities:			
Health products and relief	159,716,763	-	159,716,763
Medical equipment	1,546,051	-	1,546,051
Supporting activities:			
General and administrative	621,009	-	621,009
Fundraising	257,253	-	257,253
TOTAL EXPENSES	162,141,076	-	162,141,076
CHANGE IN NET ASSETS	171,043	(75,099)	95,944
NET ASSETS , beginning of year	1,481,240	120,095	1,601,335
NET ASSETS , end of year	\$ 1,652,283	\$ 44,996	\$ 1,697,279

See accompanying notes to financial statements.

INTERNATIONAL AID, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	Program Activities		
	Health Products and Relief	Medical Equipment	Total Program
Gifts in-kind	\$ 83,919,860	\$ 1,282,411	\$ 85,202,271
Salaries and benefits	438,208	436,362	874,570
Purchased inventory and repair parts	3,535	330,844	334,379
Freight	91,783	46,933	138,716
Depreciation and amortization	27,131	44,563	71,694
Professional and contract services	-	1,630	1,630
Utilities	9,330	23,153	32,483
Travel and meetings	30,487	7,464	37,951
Repairs and maintenance	6,836	17,729	24,565
Promotion and advertising	149	-	149
Office supplies and postage	3,469	3,280	6,749
Insurance	3,171	7,867	11,038
Communication	4,313	1,761	6,074
Awards and grants	2,928	-	2,928
Interest expense	-	-	-
Miscellaneous operating expense	-	232	232
TOTAL FUNCTIONAL EXPENSES	\$ 84,541,200	\$ 2,204,229	\$ 86,745,429

See accompanying notes to financial statements.

Supporting Activities

<u>General and Administra- tive</u>	<u>Fundraising</u>	<u>Total</u>
\$ -	\$ -	\$ 85,202,271
371,230	216,840	1,462,640
38	-	334,417
393		139,109
53,746	2,058	127,498
39,510	42,561	83,701
33,312	497	66,292
13,695	10,241	61,887
23,974	358	48,897
61	44,008	44,218
19,949	15,003	41,701
22,852	169	34,059
16,557	3,879	26,510
-	-	2,928
1,244	-	1,244
19,062	2,218	21,512
<u>\$ 615,623</u>	<u>\$ 337,832</u>	<u>\$ 87,698,884</u>

INTERNATIONAL AID, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	Program Activities		
	Health Products and Relief	Medical Equipment	Total Program
Gifts-in-kind	\$ 158,969,973	\$ 603,774	\$ 159,573,747
Wages and benefits	402,043	422,802	824,845
Purchased inventory and repair parts	1,817	329,258	331,075
Freight	111,460	66,568	178,028
Depreciation and amortization	28,060	47,644	75,704
Professional and contract services	-	14,012	14,012
Utilities	9,643	22,690	32,333
Travel and meetings	39,576	10,473	50,049
Repairs and maintenance	7,055	14,675	21,730
Promotion and advertising	652	131	783
Office supplies and postage	3,289	3,025	6,314
Insurance	3,547	8,349	11,896
Communication	4,048	1,819	5,867
Awards and grants	135,600	-	135,600
Contributed services (Note 6)	-	-	-
Interest expense	-	-	-
Miscellaneous operating expense	-	831	831
TOTAL FUNCTIONAL EXPENSES	\$ 159,716,763	\$ 1,546,051	\$ 161,262,814

See accompanying notes to financial statements.

Supporting Activities

<u>General and Administra- tive</u>	<u>Fundraising</u>	<u>Total</u>
\$ -	\$ -	\$ 159,573,747
367,025	166,608	1,358,478
626	232	331,933
32	8	178,068
49,800	1,430	126,934
50,008	14,098	78,118
32,495	490	65,318
15,535	9,732	75,316
21,005	309	43,044
668	47,669	49,120
16,373	12,226	34,913
23,468	180	35,544
16,522	2,144	24,533
-	-	135,600
12,391	-	12,391
851	-	851
14,210	2,127	17,168
<u>\$ 621,009</u>	<u>\$ 257,253</u>	<u>\$ 162,141,076</u>

INTERNATIONAL AID, INC.
STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 610,651	\$ 95,944
Adjustment to reconcile changes in net assets to cash provided by operating activities:		
Depreciation and amortization	127,498	126,934
Loss on disposal of property and equipment	2,644	5,885
Non-cash rental income	(57,324)	(54,844)
Changes in operating assets and liabilities:		
Accounts receivable	36,155	(26,857)
Pledges receivable	25,138	(112)
Inventory	24,746	(11,363)
Prepaid expenses and other receivables	(4,432)	12,464
Accounts payable	693	(14,709)
Customer deposits	56,774	(23,603)
Accrued payroll, payroll taxes and compensated absences	(2,439)	(11,399)
Other liabilities	(580)	(2,104)
Net cash provided by operating activities	<u>819,524</u>	<u>96,236</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	2,016	-
Additions to property and equipment	(14,842)	(68,275)
Purchase of investment	(251,595)	-
Net cash used in investing activities	<u>(264,421)</u>	<u>(68,275)</u>
NET INCREASE IN CASH	555,103	27,961
CASH, beginning of year	<u>934,255</u>	<u>906,294</u>
CASH, end of year	<u><u>\$ 1,489,358</u></u>	<u><u>\$ 934,255</u></u>

See accompanying notes to financial statements.

INTERNATIONAL AID, INC.
STATEMENTS OF CASH FLOWS
(CONTINUED)

	Year Ended June 30,	
	2013	2012
Supplemental schedule of noncash activities:		
Non-cash rental activities (Note 4):		
Rent income	\$ 57,324	\$ 54,844
Reduction of deferred revenue	(57,324)	(54,844)
Non-cash contributions		
Gifts in-kind received	85,202,271	159,573,747
Contributed services revenue		12,391
Gifts in-kind expensed	(85,202,271)	(159,573,747)
Contributed services expense	-	(12,391)
Net cash received (disbursed)	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

INTERNATIONAL AID, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

PURPOSE

International Aid was organized to respond to Biblical mandates to provide relief to the world's poor, sick, and suffering both in the United States of America and in other countries throughout the world, in the name of Jesus Christ. It does so through its Health Products & Relief program and Medical Equipment program.

Health Products and Relief

Access to non-equipment products such as over-the-counter and prescription medicines, nutritional supplements and personal care items play a key role in health care systems. International Aid's goal is to excel in directing health products from socially responsible corporations to humanitarian organizations with great ministry opportunity.

International Aid responds to disasters around the world. With the help of our local partners and donors, we are able to support the rebuilding efforts for people in greatest need. International Aid's emergency response goals are to support others in first response, to replenish medical equipment and supplies, to focus on rebuilding efforts to restore the area, and finally to prevent disease with portable medical labs and hygiene kits.

Medical Equipment

International Aid serves as a critical link between equipment donors and recipients to guarantee equipment donations are ready to use. The organization is one of the largest refurbishers of medical equipment in the non-profit world, providing anything from anesthesia machines to x-ray equipment. The organization helps hospitals in developing nations attain self-sufficiency in equipment operations by supplying them with new and refurbished medical equipment, operations manuals and technical field support. Additionally, International Aid offers assessments for hospitals and medical centers preparing to expand or enhance current operations. Onsite evaluations, recommendations for next steps and a list of needed resources are provided. Lastly, medical professionals in remote areas lack access to proper equipment and accurate diagnosis is nearly impossible. International Aid's solution is a portable lab (Lab-in-a-Suitcase) capable of being powered by solar energy and able to provide accurate and immediate results. The lab is perfect for short term medical mission teams, rural clinics and hospitals, community health surveys, and government ministry of health.

Note 1 continued on next page.

INTERNATIONAL AID, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING

The financial statements of International Aid have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires or is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. From time to time the board of directors designates special purposes for the use of otherwise unrestricted net assets. No permanently restricted contributions have been received as of June 30, 2013 or 2012.

PLEDGES RECEIVABLE

Pledges receivable are recorded at their estimated realizable value at date of pledge and are expected to be collected within one year.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts.

INVENTORY

Inventory, consisting primarily of purchased medical equipment supplies, is stated at the lower of cost (first-in, first-out) or market.

INVESTMENTS

Investments are stated at fair market value.

Note 1 continued on next page.

INTERNATIONAL AID, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, if purchased, or fair value at date of gift, if donated. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. Buildings and building equipment are generally depreciated on a straight-line basis over 25 to 30 years, land improvements, furniture and fixtures over 15 years on a straight-line basis. All remaining equipment is primarily depreciated over 3 to 7 years depending on use.

TRADEMARKS

Trademarks are amortized over their estimated useful lives of 15 years using the straight-line method. Annual amortization expense on trademark assets is \$3,159. Accumulated amortization at June 30, 2013 and 2012 is \$31,886 and \$28,727, respectively.

GIFTS-IN-KIND

International Aid receives donations of pharmaceuticals, medical supplies and equipment, personal care items and other commodities for use in relief and development programs. The source of such donations may vary from year-to-year. Such gifts are recorded at average wholesale prices using externally verifiable sources both as public support revenue and as program activity expense at the date the donation is received and, as such, are not recorded as inventory. Received gifts-in-kind that later become subject to expired dating or are deemed by management to no longer be useful, are disposed of and reported as a reduction of both public support revenue and program activity expense.

PROGRAM SERVICE REVENUE

International Aid charges service fees to various donees to defray the costs of procuring, warehousing, repairing, and distributing donated and purchased medical equipment and supplies, pharmaceuticals, and personal care items. Revenue from such fees is recognized when materials are shipped.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include costs of directing the overall affairs of International Aid through executive, financial and administrative services.

Note 1 continued on next page.

INTERNATIONAL AID, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNDRAISING

Fundraising includes costs that are related to the procurement of financial support for programs and supporting services.

FUNCTIONAL EXPENSE ALLOCATION

International Aid segregates costs by the major classes of expense: Health products and relief, Medical equipment, General and administrative, and Fundraising. Whenever appropriate, an expense is charged directly to one of these major classes of expense. Indirect costs are allocated according to activities and functionality related to their utilization.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. While management believes it has consistently applied its best judgment in those areas requiring estimates, actual results could differ from those estimates.

TAX STATUS

International Aid is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as a “publicly supported” organization. The Organization has implemented the accounting guidance established in FASB ASC 740-10 associated with accounting for uncertainty in income taxes and does not believe it has any uncertain tax positions that are material to the financial statements.

RECLASSIFICATIONS

Certain items in the fiscal year 2012 financial statements have been reclassified to conform to the June 30, 2013 presentation.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 11, 2013, which was the date that the financial statements were available to be issued.

INTERNATIONAL AID, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - CASH

At June 30, 2013 and 2012, cash includes \$1,353,937 and \$850,861 invested in interest bearing accounts. The Organization's cash balances are maintained with a financial institution providing federal deposit insurance coverage. At June 30, 2013 the Organization's balances on deposit exceed the coverage limit by \$1,103,937.

NOTE 3 - INVESTMENTS

At June 30, 2013, investments are comprised of a certificate of deposit.

NOTE 4 - FAIR VALUE MEASUREMENT

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair values. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

	Total Fair Value	Significant Other Observable Output (Level 2)
<u>March 31, 2013</u>		
Investments	\$ 251,595	\$ 251,595
<u>March 31, 2012</u>		
Pledges receivable	25,137	25,137

Investments are comprised of certificates of deposit the fair value of which is determined by quoted prices for similar assets in active markets. Fair value of pledges receivable is determined by calculating the present value at the risk adjusted market discount rate.

**INTERNATIONAL AID, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Net assets are temporarily restricted as follows:

	June 30,	
	2013	2012
Domestic Relief	\$ 15,153	\$ -
Other Global Relief	6,292	11,300
Haiti Relief	221	1,840
Subsequent operating periods	-	25,000
Somalia Relief	-	6,856
	\$ 21,666	\$ 44,996

NOTE 6 - COMMITMENTS AND CONTINGENCIES

RETIREMENT PLANS

The Organization has established a SIMPLE IRA plan covering all qualified employees. Employer contributions to the plan and administrative expenses totaled \$26,751 and \$25,796 for the years ended June 30, 2013 and 2012, respectively.

SELF-INSURED STATE UNEMPLOYMENT FUND

In accordance with state law, the Organization has elected to be a reimbursing employer for the purpose of state unemployment taxes and, in lieu of quarterly tax contributions, will be required to reimburse the state for any employment claims made. State law requires the establishment of a surety bond as guarantee of payment under this program.

Note 6 continued on next page

INTERNATIONAL AID, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 6 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

LEASE INCOME AGREEMENT

The Organization rents space in its facility to another not-for-profit entity (the tenant) that was related through a previous board member. Under terms of the agreement:

- The tenant has paid all costs necessary to ready the facility for its use.
- The annual rent under the agreement is to be equivalent to 40% of the total operating costs of the facility as defined in the agreement. Rent revenue recognized under the agreement for the years ended June 30, 2013 and 2012 is \$57,324 and \$54,844.
- The term of the lease is 25 years with the tenant having the option to renew for an additional 25 year period.
- Since the tenant incurred a significant capital cost in readying the facility for its occupancy, the Organization has agreed that, during the term of the lease, should it decide to dispose of the facility, the tenant shall have the right to either (a) first right of refusal to acquire the land and building, or (b) reimbursement for its investment in the build-out costs based on a 20 year straight-line amortization of the costs. The contingent obligation to the tenant as of June 30, 2013 in the event of disposition of the facility is \$1,812,737.
- Certain building improvement costs, totaling \$487,510 were incurred for the primary benefit of the Organization and paid for by the tenant. Accordingly, these costs have been recorded by the Organization as an addition to the asset category, property and equipment. Since these payments made by the tenant offset future rent payments under the agreement, a deferred revenue obligation has been recognized for the net present value of the estimated future rent payments effectively paid in advance.

At June 30, 2013, the Organization's net-of-depreciation basis in the portion of land and building leased to the tenant is \$349,697.

INTERNATIONAL AID, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 7 - GIFTS-IN-KIND

Gifts-in-kind received are valued at the average wholesale price using externally verifiable sources taking into consideration the condition and utility for use. Gifts-in-kind total \$85,202,271 and \$159,573,747 for the years ended June 30, 2013 and 2012, respectively. The \$74,371,476 decrease in gifts-in-kind support and in program activities expense from 2013 to 2012 is primarily the result of the reduction in gift-in-kind donations from one significant donor. Gifts-in-kind and program activities expense will be further reduced by \$48,000,000 in 2014 as a result of the loss of this source of gift-in-kind donation support.

NOTE 8 - CONTRIBUTED SERVICES

In accordance with the criteria set forth in Financial Accounting Standards FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, certain donated services in the amount of \$12,391 have been recognized both as support revenue and as general and administrative expense on the 2012 statement of activities.

Additionally, the Organization benefits significantly from unpaid volunteers who provide valuable services including arranging and organizing donated goods and performing other key duties and responsibilities on behalf of the Organization that do not meet the requirements of the Financial Accounting Standard to be reported on the statements of activities. Based upon an independent sector's dollar valuation of \$ 21.79 per volunteer hour in the years ended June 30, 2013 and 2012, management has determined the value of the contributed time to be approximately \$64,500 and \$71,600, respectively, for the years then ended.

NOTE 9 - RISK CONCENTRATION

Gifts-in-kind donations include gifts from three entities comprising 77 % and 87% of the category total for 2013 and 2012, respectively. The decrease in 2013 of gifts-in-kind from one donor (see Note 7) did not negatively impact program service revenue for the year. Two donors gave 34% and 10% of monetary contributions in 2013 and 2012, respectively. Program service fees include 31% and 27% attributable to two of the Organization's distribution partners, respectively, in the years ended June 30, 2013 and 2012.

INTERNATIONAL AID, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 10 - OTHER REVENUE

Other revenue consists of:

	Year Ended June 30,	
	2013	2012
Rental income	\$ 57,324	\$ 54,844
Royalty income	27,063	27,720
Interest income	5,451	3,504
Miscellaneous	915	7,388
	\$ 90,753	\$ 93,456

NOTE 11 - RELATED PARTY TRANSACTIONS

A member of the Organization's board of directors serves as a key employee of another not-for-profit entity that (1) received gifts-in-kind distributions from International Aid in the years ended June 30, 2013 and 2012 valued at \$8,279,501 and \$21,635,053, respectively for which International Aid received program service revenue of \$22,600 and \$90,914 in the years then ended, and (2) donated gifts-in-kind to International Aid valued at \$338,114 and \$402,324 in the fiscal years ended in 2013 and 2012. Another member of the board of directors of the Organization is a key employee of a for-profit entity that (1) donated \$8,662,828 and \$7,107,893 of gifts-in-kind to International Aid in the fiscal years ended June 30, 2013 and 2012, respectively, and (2) made monetary contributions of \$25,000 and \$95,000 in the years then ended. A third member of the Organization's board of directors is a key employee of another not-for-profit entity that donated gifts-in-kind to International Aid valued at \$79,590 in the year ended June 30, 2013 and \$3,812 in fiscal 2012. Additionally, the Organization paid \$2,000 to an individual related to a fourth member of the board for a re-design of its website.