



**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2015 AND 2014**

**MONROE, SWEERIS & TROMP P.L.C.**

**INTERNATIONAL AID, INC.**  
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# MONROE, SWEERIS & TROMP P.L.C.

*Certified Public Accountants and Consultants*

August 18, 2015

## 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, 2015 and 2014, 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, 2015 and 2014, 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.

*Morse, Sweeris & Kemp*

**INTERNATIONAL AID, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

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**ASSETS**

	June 30,	
	2015	2014
<b>CURRENT ASSETS:</b>		
Cash (Note 2)	\$ 2,066,969	\$ 1,956,584
Accounts receivable (less \$1,500 allowance for uncollectible accounts in 2015 and 2014)	100,010	168,345
Pledges receivable (Note 3)	2,175	-
Inventory	71,738	115,924
Prepaid expenses	58,279	47,832
<b>TOTAL CURRENT ASSETS</b>	2,299,171	2,288,685
<b>PROPERTY AND EQUIPMENT:</b>		
Land and improvements	195,575	195,575
Buildings and building equipment (Note 5)	2,456,925	2,222,853
Transportation equipment	102,086	108,167
Furniture and fixtures	137,020	138,964
Computer equipment	173,326	187,917
	3,064,932	2,853,476
Less accumulated depreciation	2,045,898	1,979,008
<b>NET PROPERTY AND EQUIPMENT</b>	1,019,034	874,468
<b>OTHER ASSETS:</b>		
Trademarks, net of accumulated amortization (Note 1)	9,180	12,339
<b>TOTAL OTHER ASSETS</b>	9,180	12,339
	\$ 3,327,385	\$ 3,175,492

*See accompanying notes to financial statements.*

## LIABILITIES AND NET ASSETS

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 66,809	\$ 73,658
Customer deposits	45,200	255,287
Accrued payroll and payroll taxes	38,351	29,404
Accrued compensated absences	36,602	41,734
Deferred revenue (Note 5)	70,000	70,000
Other liabilities	2,765	42,799
	<u>259,727</u>	<u>512,882</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>259,727</b>	<b>512,882</b>
<b>DEFERRED REVENUE,</b>		
Net of current portion (Note 5)	140,122	213,570
	<u>140,122</u>	<u>213,570</u>
<b>TOTAL LIABILITIES</b>	<b>399,849</b>	<b>726,452</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>(NOTE 5)</b>		
<b>NET ASSETS:</b>		
Unrestricted	2,780,375	2,369,556
Temporarily restricted (Note 4)	147,161	79,484
	<u>2,927,536</u>	<u>2,449,040</u>
<b>TOTAL NET ASSETS</b>	<b>2,927,536</b>	<b>2,449,040</b>
	<u>\$ 3,327,385</u>	<u>\$ 3,175,492</u>

**INTERNATIONAL AID, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>			
Public support:			
Gifts-in-kind (Notes 6, 8 and 10)	\$ 86,418,597	\$ -	\$ 86,418,597
Monetary contributions (Note 10)	1,066,178	353,109	1,419,287
Government grants	2,869	-	2,869
Program service revenue: (Note 8)			
Medical equipment revenue	1,086,027	-	1,086,027
Health product revenue	883,252	-	883,252
Shipping fees	144,969	-	144,969
Other revenue (Note 9)	120,326	-	120,326
Net assets released from restrictions	285,432	(285,432)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>90,007,650</b>	<b>67,677</b>	<b>90,075,327</b>
<b>EXPENSES:</b>			
Program activities:			
Health products and relief	85,058,550	-	85,058,550
Medical equipment	3,466,146	-	3,466,146
Supporting activities:			
General and administrative	613,797	-	613,797
Fundraising	458,338	-	458,338
<b>TOTAL EXPENSES</b>	<b>89,596,831</b>	<b>-</b>	<b>89,596,831</b>
<b>CHANGE IN NET ASSETS</b>	<b>410,819</b>	<b>67,677</b>	<b>478,496</b>
<b>NET ASSETS</b> , beginning of year	<b>2,369,556</b>	<b>79,484</b>	<b>2,449,040</b>
<b>NET ASSETS</b> , end of year	<b>\$ 2,780,375</b>	<b>\$ 147,161</b>	<b>\$ 2,927,536</b>

*See accompanying notes to financial statements.*

**INTERNATIONAL AID, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2014**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>			
Public support:			
Gifts in-kind (Notes 6, 8 and 10)	\$ 76,971,229	\$ -	\$ 76,971,229
Monetary contributions (Note 10)	1,021,286	258,025	1,279,311
Program service revenue: (Note 8)			
Medical equipment revenue	882,525	-	882,525
Health product revenue	562,504	-	562,504
Shipping fees	115,679	-	115,679
Other revenue expense: Other (Note 9)	115,059	-	115,059
Net assets released from restrictions	200,207	(200,207)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>79,868,489</b>	<b>57,818</b>	<b>79,926,307</b>
<b>EXPENSES:</b>			
Program activities:			
Health products and relief	77,074,850	-	77,074,850
Medical equipment	1,674,864	-	1,674,864
Health and development		-	-
Supporting activities:			
General and administrative	646,745	-	646,745
Fundraising	388,738	-	388,738
<b>TOTAL EXPENSES</b>	<b>79,785,197</b>	<b>-</b>	<b>79,785,197</b>
<b>CHANGE IN NET ASSETS</b>	<b>83,292</b>	<b>57,818</b>	<b>141,110</b>
<b>NET ASSETS</b> , beginning of year	<b>2,286,264</b>	<b>21,666</b>	<b>2,307,930</b>
<b>NET ASSETS</b> , end of year	<b>\$ 2,369,556</b>	<b>\$ 79,484</b>	<b>\$ 2,449,040</b>

*See accompanying notes to financial statements.*



**INTERNATIONAL AID, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2015**

	Program Activities		
	Health Products and Relief	Medical Equipment	Total Program
Gifts-in-kind	\$ 84,356,643	\$ 2,061,954	\$ 86,418,597
Salaries and benefits	413,964	493,943	907,907
Cost of goods and repair parts	40,206	703,311	743,517
Freight	111,505	111,985	223,490
Depreciation and amortization	25,432	28,622	54,054
Professional and contract services	-	5,496	5,496
Travel and meetings	37,643	7,901	45,544
Promotion and advertising	6,546	113	6,659
Utilities	8,209	26,985	35,194
Awards and grants	43,384	-	43,384
Office supplies and postage	3,922	2,118	6,040
Repairs and maintenance	4,013	13,189	17,202
Insurance	2,695	8,859	11,554
Communication	4,388	1,544	5,932
Interest expense	-	-	-
Business fees and miscellaneous expense	-	126	126
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 85,058,550</b>	<b>\$ 3,466,146</b>	<b>\$ 88,524,696</b>

*See accompanying notes to financial statements.*

Supporting Activities

<u>General and Administra- tive</u>	<u>Fundraising</u>	<u>Total</u>
\$ -	\$ -	\$ 86,418,597
400,369	276,812	1,585,088
-	-	743,517
723	35	224,248
44,624	4,175	102,853
38,926	57,077	101,499
16,154	23,644	85,342
608	66,620	73,887
31,657	505	67,356
-	-	43,384
10,183	19,948	36,171
15,474	687	33,363
20,542	166	32,262
18,850	2,976	27,758
393	-	393
<u>15,294</u>	<u>5,693</u>	<u>21,113</u>
<u>\$ 613,797</u>	<u>\$ 458,338</u>	<u>\$ 89,596,831</u>

**INTERNATIONAL AID, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2014**

	Program Activities		
	Health Products and Relief	Medical Equipment	Total Program
Gifts-in-kind	\$ 76,442,539	\$ 528,690	\$ 76,971,229
Salaries and benefits	387,577	471,919	859,496
Cost of goods and repair parts	7,393	486,004	493,397
Freight	144,663	59,970	204,633
Depreciation and amortization	21,687	26,250	47,937
Professional and contract services	-	23,122	23,122
Travel and meetings	24,263	16,962	41,225
Promotion and advertising	1,107	340	1,447
Utilities	8,010	30,697	38,707
Awards and grants	22,200	-	22,200
Office supplies and postage	4,134	3,052	7,186
Repairs and maintenance	4,485	17,034	21,519
Insurance	2,355	9,024	11,379
Communication	4,349	1,564	5,913
Interest expense	-	-	-
Business fees and miscellaneous expense	88	236	324
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 77,074,850</b>	<b>\$ 1,674,864</b>	<b>\$ 78,749,714</b>

*See accompanying notes to financial statements.*

Supporting Activities

<u>General and Administra- tive</u>	<u>Fundraising</u>	<u>Total</u>
\$ -	\$ -	\$ 76,971,229
407,338	208,257	1,475,091
-	-	493,397
28	-	204,661
49,243	3,547	100,727
48,269	70,174	141,565
19,518	12,395	73,138
662	57,456	59,565
35,006	555	74,268
-	-	22,200
14,209	23,587	44,982
20,020	308	41,847
20,867	163	32,409
17,200	3,534	26,647
393	-	393
<u>13,992</u>	<u>8,762</u>	<u>23,078</u>
<u>\$ 646,745</u>	<u>\$ 388,738</u>	<u>\$ 79,785,197</u>

**INTERNATIONAL AID, INC.**  
**STATEMENTS OF CASH FLOWS**

	Year Ended June 30,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 478,496	\$ 141,110
Adjustment to reconcile changes in net assets to cash provided by operating activities:		
Depreciation and amortization	102,853	100,727
Non-cash rental income	(73,448)	(69,152)
Changes in operating assets and liabilities:		
Accounts receivable	68,335	(100,180)
Pledges receivable	(2,175)	-
Accrued interest receivable		
Inventory	44,186	(53,233)
Prepaid expenses and other receivables	(10,447)	(7,934)
Accounts payable	(6,849)	18,001
Customer deposits	(210,087)	169,620
Accrued payroll, payroll taxes and compensated absences	3,815	14,419
Other liabilities	(40,034)	39,338
Net cash provided by operating activities	<u>354,645</u>	<u>252,716</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to property and equipment	(244,260)	(37,085)
Proceeds from sale of investments	-	251,595
Net cash provided by (used in) investing activities	<u>(244,260)</u>	<u>214,510</u>
<b>NET INCREASE IN CASH</b>	110,385	467,226
<b>CASH, beginning of year</b>	<u>1,956,584</u>	<u>1,489,358</u>
<b>CASH, end of year</b>	<u><u>\$ 2,066,969</u></u>	<u><u>\$ 1,956,584</u></u>

*See accompanying notes to financial statements.*

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

	Year Ended June 30,	
	2015	2014
Supplemental schedule of noncash activities:		
Non-cash rental activities (Note 5):		
Rent income	\$ 73,448	\$ 69,152
Reduction of deferred revenue	(73,448)	(69,152)
Non-cash contributions		
Gifts in-kind received	86,418,597	76,971,229
Gifts in-kind expensed	(86,418,597)	(76,971,229)
Net cash received (disbursed)	\$ -	\$ -

*See accompanying notes to financial statements.*

**INTERNATIONAL AID, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**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 and 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 reconditioners 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)**

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**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).

**MONETARY CONTRIBUTIONS**

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, 2015 or 2014.

**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.

**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.

*Note 1 continued on next page.*



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

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2015 and 2014 is \$38,204 and \$35,045, 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.

**FUNDRAISING**

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

*Note 1 continued on next page.*

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

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**SHIPPING AND HANDLING**

Costs related to shipping and handling of gifts-in-kind and purchased inventory items are included in program activities expense.

**PROMOTION AND ADVERTISING**

Promotion and advertising costs are expensed as incurred.

**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.

The Organization files its IRS Form 990 in the U.S. federal jurisdiction and is generally no longer subject to examination by the Internal Revenue Service for years ending prior to June 30, 2012.

*Note 1 continued on next page.*

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

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 18, 2015, which was the date that the financial statements were available to be issued.

**NOTE 2 - CASH**

At June 30, 2015 and 2014, cash includes \$1,949,346 and \$1,842,324 invested in interest bearing accounts. The Organization's cash balances are maintained with financial institutions providing federal deposit insurance coverage. At June 30, 2015 and 2014 the Organization's balances on deposit exceed the coverage limit by \$1,248,366 and \$1,211,677, respectively.

**NOTE 3 - 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>June 30, 2015</u>		
Pledges receivable	\$ 2,175	\$ 2,175

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)**

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**NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS**

Net assets are temporarily restricted as follows:

	June 30,	
	2015	2014
Nepal Relief	\$ 113,042	-
Other Global Relief	34,119	6,740
Philippine Relief	-	72,744
	<u>\$ 147,161</u>	<u>\$ 79,484</u>

**NOTE 5 - 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 \$28,977 and \$25,844 for the years ended June 30, 2015 and 2014, 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 5 continued on next page*

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

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**NOTE 5 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**DEFERRED REVENUE/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, 2015 and 2014 is \$73,448 and \$69,152.
- 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, 2015 in the event of disposition of the facility is \$1,605,568.
- 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, 2015, the Organization's net-of-depreciation basis in the portion of land and building leased to the tenant is \$399,697

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

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**NOTE 6 - 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 \$86,418,597 and \$76,971,229 for the years ended June 30, 2015 and 2014, respectively.

**NOTE 7 - CONTRIBUTED SERVICES**

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 \$22.55 and \$22.14 per volunteer hour in the years ended June 30, 2015 and 2014, management has determined the value of the contributed time to be approximately \$101,635 and \$50,700, respectively, for the years then ended.

**NOTE 8 - RISK CONCENTRATION**

Gifts-in-kind donations include gifts from three entities comprising 76% and 69% of the category total for 2015 and 2014, respectively. Program service fees include 35% and 33% attributable to three of the Organization's distribution partners, respectively, in the years ended June 30, 2015 and 2014.

**NOTE 9 - OTHER REVENUE**

Other revenue consists of:

	<u>Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Rental income	\$ 73,448	\$ 69,152
Royalty income	23,291	34,335
Interest income	7,267	6,913
Miscellaneous	<u>16,320</u>	<u>4,659</u>
	<u>\$ 120,326</u>	<u>\$ 115,059</u>

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

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**NOTE 10 - RELATED PARTY TRANSACTIONS**

A member of the Organization's board of directors serves as a board member of another not-for-profit entity that received gifts-in-kind distributions from International Aid in the years ended June 30, 2015 and 2014 valued at \$425,095 and \$13,191,177, respectively, for which International Aid received program service fees of \$6,000 for the year ended June 30, 2015. The program service fees for the year ended in 2014 were waived, a practice applied by International Aid to other entities as well. Another member of the board of directors of the Organization is a key employee of a for-profit entity that (1) donated \$2,141,849 and \$3,740,193 of gifts-in-kind to International Aid in the fiscal years ended June 30, 2015 and 2014, respectively, and (2) made monetary contributions of \$25,000 each of 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 \$184,133 in the year ended June 30, 2015 and \$58,971 in fiscal 2014. Additionally, the Organization paid \$2,000 in the year ended June 30, 2014 to an individual related to a fourth member of the board for website development.