



**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2016 AND 2015**

**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 1, 2016

## **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), which comprise the statements of financial position as of June 30, 2016 and 2015, 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 audits. We conducted our audits 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. An audit also

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

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, 2016 and 2015, 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 & Tromp*

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

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**ASSETS**

	June 30,	
	2016	2015
<b>CURRENT ASSETS:</b>		
Cash (Note 2)	\$ 2,022,808	\$ 2,066,969
Accounts receivable (less \$1,500 allowance for uncollectible accounts in 2016 and 2015)	32,720	100,010
Pledges receivable (Note 3)	22,725	2,175
Inventory	136,220	71,738
Prepaid expenses	39,056	58,279
	<b>2,253,529</b>	<b>2,299,171</b>
 <b>PROPERTY AND EQUIPMENT:</b>		
Land and improvements	195,575	195,575
Buildings and building equipment (Note 5)	2,474,645	2,456,925
Transportation equipment	102,086	102,086
Furniture and fixtures	149,305	137,020
Computer equipment	181,128	173,326
	3,102,739	3,064,932
Less accumulated depreciation	2,137,698	2,045,898
	<b>965,041</b>	<b>1,019,034</b>
 <b>OTHER ASSETS:</b>		
Trademarks, net of accumulated amortization (Note 1)	6,021	9,180
	<b>6,021</b>	<b>9,180</b>
 <b>TOTAL OTHER ASSETS</b>	<b>6,021</b>	<b>9,180</b>
	<b>\$ 3,224,591</b>	<b>\$ 3,327,385</b>

*See accompanying notes to financial statements.*

## LIABILITIES AND NET ASSETS

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 85,018	\$ 66,809
Customer deposits	42,842	45,200
Accrued payroll and payroll taxes	43,708	38,351
Accrued compensated absences	35,551	36,602
Deferred revenue (Note 5)	70,000	70,000
Other liabilities	2,447	2,765
	<u>279,566</u>	<u>259,727</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>279,566</b>	<b>259,727</b>
<b>DEFERRED REVENUE,</b>		
Net of current portion (Note 5)	64,082	140,122
	<u>64,082</u>	<u>140,122</u>
<b>TOTAL LIABILITIES</b>	<b>343,648</b>	<b>399,849</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>(NOTE 5)</b>		
<b>NET ASSETS:</b>		
Unrestricted	2,846,728	2,780,375
Temporarily restricted (Note 4)	34,215	147,161
	<u>2,880,943</u>	<u>2,927,536</u>
<b>TOTAL NET ASSETS</b>	<b>2,880,943</b>	<b>2,927,536</b>
	<u>\$ 3,224,591</u>	<u>\$ 3,327,385</u>

**INTERNATIONAL AID, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>			
Public support:			
Gifts-in-kind (Notes 6, 8 and 10)	\$ 63,230,463	\$ -	\$ 63,230,463
Monetary contributions (Note 10)	1,166,492	99,619	1,266,111
Program service revenue (Note 8):			
Medical equipment revenue	737,471	-	737,471
Health product revenue	586,277	-	586,277
Shipping fees	95,822	-	95,822
Other revenue (Note 9)	101,998	-	101,998
Net assets released from restrictions	212,565	(212,565)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>66,131,088</b>	<b>(112,946)</b>	<b>66,018,142</b>
<b>EXPENSES:</b>			
Program activities:			
Health products and relief	63,006,426	-	63,006,426
Medical equipment	1,970,240	-	1,970,240
Supporting activities:			
General and administrative	615,429	-	615,429
Fundraising	472,640	-	472,640
<b>TOTAL EXPENSES</b>	<b>66,064,735</b>	<b>-</b>	<b>66,064,735</b>
<b>CHANGE IN NET ASSETS</b>	<b>66,353</b>	<b>(112,946)</b>	<b>(46,593)</b>
<b>NET ASSETS</b> , beginning of year	<b>2,780,375</b>	<b>147,161</b>	<b>2,927,536</b>
<b>NET ASSETS</b> , end of year	<b>\$ 2,846,728</b>	<b>\$ 34,215</b>	<b>\$ 2,880,943</b>

*See accompanying notes to financial statements.*

**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 FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2016**

	Program Activities		
	Health Products and Relief	Medical Equipment	Total Program
Gifts-in-kind	\$ 62,352,344	\$ 878,119	\$ 63,230,463
Salaries and benefits	397,523	492,684	890,207
Cost of goods and repair parts	89,359	386,468	475,827
Freight	64,522	100,022	164,544
Professional and contract services	4,802	6,063	10,865
Depreciation and amortization	23,405	27,321	50,726
Travel and meetings	31,472	19,008	50,480
Utilities	7,818	25,697	33,515
Promotion and advertising	7,824	550	8,374
Repairs and maintenance	6,500	21,567	28,067
Office supplies and postage	2,599	2,704	5,303
Insurance	2,639	8,670	11,309
Communication	3,208	1,367	4,575
Awards and grants	12,411	-	12,411
Interest expense	-	-	-
Business fees and miscellaneous expense	-	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 63,006,426</b>	<b>\$ 1,970,240</b>	<b>\$ 64,976,666</b>

*See accompanying notes to financial statements.*

Supporting Activities

<u>General and Administra- tive</u>	<u>Fundraising</u>	<u>Total</u>
\$ -	\$ -	\$ 63,230,463
394,033	272,600	1,556,840
-	-	475,827
-	10	164,554
36,519	90,575	137,959
40,954	3,279	94,959
22,752	20,701	93,933
30,147	481	64,143
67	53,695	62,136
25,096	400	53,563
15,794	21,303	42,400
19,707	162	31,178
13,670	3,878	22,123
-	-	12,411
393	-	393
<u>16,297</u>	<u>5,556</u>	<u>21,853</u>
<u>\$ 615,429</u>	<u>\$ 472,640</u>	<u>\$ 66,064,735</u>

**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
Professional and contract services	-	5,496	5,496
Depreciation and amortization	25,432	28,622	54,054
Travel and meetings	37,643	7,901	45,544
Utilities	8,209	26,985	35,194
Promotion and advertising	6,546	113	6,659
Repairs and maintenance	4,013	13,189	17,202
Office supplies and postage	3,922	2,118	6,040
Insurance	2,695	8,859	11,554
Communication	4,388	1,544	5,932
Awards and grants	43,384	-	43,384
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

General and Administra- tive	Fundraising	Total
\$ -	\$ -	\$ 86,418,597
400,369	276,812	1,585,088
-	-	743,517
723	35	224,248
38,926	57,077	101,499
44,624	4,175	102,853
16,154	23,644	85,342
31,657	505	67,356
608	66,620	73,887
15,474	687	33,363
10,183	19,948	36,171
20,542	166	32,262
18,850	2,976	27,758
-	-	43,384
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.**  
**STATEMENTS OF CASH FLOWS**

	Year Ended June 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (46,593)	\$ 478,496
Adjustment to reconcile changes in net assets to cash provided by (used in) operating activities:		
Depreciation and amortization	94,959	102,853
Non-cash rental income	(76,040)	(73,448)
Changes in operating assets and liabilities:		
Accounts receivable	67,290	68,335
Pledges receivable	(20,550)	(2,175)
Inventory	(64,482)	44,186
Prepaid expenses	19,223	(10,447)
Accounts payable	18,209	(6,849)
Customer deposits	(2,358)	(210,087)
Accrued payroll, payroll taxes and compensated absences	4,306	3,815
Other liabilities	(318)	(40,034)
Net cash provided by (used in) operating activities	<u>(6,354)</u>	<u>354,645</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to property and equipment	<u>(37,807)</u>	<u>(244,260)</u>
Net cash used in investing activities	<u>(37,807)</u>	<u>(244,260)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(44,161)	110,385
<b>CASH, beginning of year</b>	<u>2,066,969</u>	<u>1,956,584</u>
<b>CASH, end of year</b>	<u><u>\$ 2,022,808</u></u>	<u><u>\$ 2,066,969</u></u>

*Statements of cash flows continued on next page.  
See accompanying notes to financial statements.*

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

	Year Ended June 30,	
	2016	2015
Supplemental schedule of noncash activities:		
Non-cash rental activities (Note 5):		
Rental income	\$ 76,040	\$ 73,448
Reduction of deferred revenue	(76,040)	(73,448)
Non-cash contributions:		
Gifts in-kind received	63,230,463	86,418,597
Gifts in-kind expensed	(63,230,463)	(86,418,597)
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. International Aid, Inc. is primarily supported by contributions from the general public.

**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 their local partners and donors, International Aid is 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, 2016 or 2015.

**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.

*Note 1 continued on next page.*



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

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**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, 2016 and 2015 is \$41,363 and \$38,204, 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)**

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

**Fundraising**

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

**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.

*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 September 1, 2016, which was the date that the financial statements were available to be issued.

**NOTE 2 - CASH**

At June 30, 2016 and 2015, cash includes \$1,982,559 and \$1,949,346 invested in interest bearing accounts. The Organization's cash balances are maintained with financial institutions providing federal deposit insurance coverage. At June 30, 2016 and 2015 the Organization's balances on deposit exceed the coverage limit by \$1,376,368 and \$1,248,366, 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, 2016</u>		
Pledges receivable	\$ 22,725	\$ 22,725

Fair value of pledges receivable is determined by calculating the present value at the risk adjusted market discount rate. The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the years ended June 30, 2016 and 2015.

**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:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Nepal Relief	\$ 6,828	\$ 113,042
Other Global Relief	<u>27,387</u>	<u>34,119</u>
	<u>\$ 34,215</u>	<u>\$ 147,161</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 \$30,048 and \$28,977 for the years ended June 30, 2016 and 2015, 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, 2016 and 2015 is \$76,040 and \$73,448, respectively.
- 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, 2016 in the event of disposition of the facility is \$1,501,983.
- 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, 2016, the Organization's net-of-depreciation basis in the portion of land and building leased to the tenant is \$375,391.

**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 \$63,230,463 and \$86,418,597 for the years ended June 30, 2016 and 2015, 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 \$23.54 and \$22.55 per volunteer hour in the years ended June 30, 2016 and 2015, management has determined the value of the contributed time to be approximately \$104,648 and \$101,635, respectively, for the years then ended.

**NOTE 8 - RISK CONCENTRATION**

Gifts-in-kind donations include gifts from three entities comprising 67% and 76% of the category total for 2016 and 2015, respectively. Program service fees include 33% and 35% attributable to three of the Organization's distribution partners in the years ended June 30, 2016 and 2015, respectively.

**NOTE 9 - OTHER REVENUE**

Other revenue consists of:

	<u>Year Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Rental income	\$ 76,040	\$ 73,448
Royalty income	11,043	23,291
Interest income	8,453	7,267
Miscellaneous	<u>6,462</u>	<u>16,320</u>
	<u>\$ 101,998</u>	<u>\$ 120,326</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, 2016 and 2015 valued at \$-0- and \$425,095, respectively, and for which International Aid received program service fees of \$6,000 for the year ended June 30, 2015. Another member of the board of directors of the Organization is a key employee of a for-profit entity that (1) donated \$3,217,849 and \$2,141,849 of gifts-in-kind to International Aid in the fiscal years ended June 30, 2016 and 2015, 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 \$68,658 in the year ended June 30, 2016 and \$184,133 in fiscal 2015. Additionally, the Organization paid \$17,720 in the year ended June 30, 2016 to an individual related to a fourth member of the board for painting of warehouses.