International Relief Teams

Financial Statements
Years Ended June 30, 2024 and 2023

Index

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
International Relief Teams

Opinion

We have audited the accompanying financial statements of International Relief Teams (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Relief Teams as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of International Relief Teams International Relief Teams and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of International Relief Teams as of June 30, 2023 and for the year ended, were audited by other auditors whose report dated September 15, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

JGD & Associates, LLP

San Diego, California
April 15, 2025

International Relief Teams
Statements of Financial Position
June 30, 2024 and 2023

		2024		2023
Assets				
Current assets:				
Cash and cash equivalents	$	1,626,037	$	2,626,358
Accounts receivable, net		70,000		-
Prepaids expenses and deposits		98,604		62,207
Total current assets		1,794,641		2,688,565
Noncurrent assets:				
Endowment fund earnings (Note 4)		877,119		766,078
Investments (Note 4)		4,087,190		3,175,116
Investments restricted for permanent endowment (Note 4)		570,665		560,665
Property and equipment, net (Note 3)		34,096		32,167
Right-of-use assets, net		237,848		312,958
Total noncurrent assets		5,806,918		4,846,984
Total assets	$	7,601,559	$	7,535,549
Liabilities and net assets				
Current liabilities:				
Accounts payable	$	72,097	$	254,914
Accrued expenses		77,734		-
Current portion of operating lease liability (Note 6)		76,210		75,924
Deferred revenue		38,000		-
Total current liabilities		264,041		330,838
Operating lease liability, net of current portion (Note 6)		188,646		252,169
Total liabilities		452,687		583,007
Commitments and contingencies (Not 6 and 8)				
Net assets:				
Without donor restrictions				
Undesignated		5,872,227		5,545,706
With donor restrictions (Note 5)				
Perpetual in nature		570,665		560,665
Purpose restrictions		705,980		846,171
		1,276,645		1,406,836
Total net assets		7,148,872		6,952,542
Total liabilities and net assets	$	7,601,559	$	7,535,549

See accompanying notes to financial statements

International Relief Teams
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Public contributions	$ 2,473,443	$ 883,842	$ 3,357,285
In-kind contributions	46,334,423	-	46,334,423
Investment income, net	241,838	111,041	352,879
Net assets released from restrictions	1,125,074	(1,125,074)	-
Total revenue and support	50,174,778	(130,191)	50,044,587
Expenses:			
Program services:			
Disaster response	1,154,235	-	1,154,235
Building healthy communities	47,529,923	-	47,529,923
Total program services:	48,684,158	-	48,684,158
Supporting services:			
Management and general	628,256	-	628,256
Fundraising	535,843	-	535,843
Total supporting services:	1,164,099		1,164,099
Total expenses	49,848,257	-	49,848,257
Change in net assets	326,521	(130,191)	196,330
Net assets, beginning	5,545,706	1,406,836	6,952,542
Net assets, ending	$ 5,872,227	$ 1,276,645	$ 7,148,872

See accompanying notes to financial statements

International Relief Teams
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2023

	Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Public contributions	$ 3,380,482	$ 903,764	$ 4,284,246
In-kind contributions	47,218,904	-	47,218,904
Investment income, net	120,765	82,825	203,590
Net assets released from restrictions	1,181,406	(1,181,406)	-
Total revenue and support	51,901,557	(194,817)	51,706,740
Expenses:			
Program services:			
Disaster response	3,201,266	-	3,201,266
Building healthy communities	47,793,032	-	47,793,032
Total program services:	50,994,298	-	50,994,298
Supporting services:			
Management and general	616,321	-	616,321
Fundraising	756,346	-	756,346
Total supporting services:	1,372,667		1,372,667
Total expenses	52,366,965	-	52,366,965
Change in net assets	(465,408)	(194,817)	(660,225)
Net assets, beginning	6,011,114	1,601,653	7,612,767
Net assets, ending	$ 5,545,706	$ 1,406,836	$ 6,952,542

International Relief Teams
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services			Supporting Services			Total
	Disaster Response	Building Healthy Communities	Total	Management and General	Fundraising	Total	2024
Donated medical supplies	$ -	$ 46,334,423	$ 46,334,423	$ -	$ -	$ -	$ 46,334,423
Donations to nonprofits	828,454	488,983	1,317,437	-	-	-	1,317,437
Salaries	112,693	184,783	297,476	288,584	208,799	497,383	794,859
Supplies and equipment	74,695	282,016	356,711	11,511	8,114	19,626	376,337
Professional fees	41,290	55,827	97,117	140,028	64,566	204,594	301,711
Marketing and advertising	36,698	57,282	93,980	79,882	126,144	206,026	300,006
Occupancy	22,895	39,630	62,525	30,515	56,224	86,739	149,264
Amortization on right of use assets	12,888	16,423	29,311	15,774	30,025	45,799	75,110
Payroll taxes	9,390	15,651	25,041	26,579	14,169	40,748	65,789
Employee benefits	9,250	17,777	27,027	20,608	14,828	35,436	62,462
Bank fees	4,385	11,469	15,854	12,969	9,500	22,469	38,323
Outsourced services	996	25,233	26,229	-	1,853	1,853	28,082
Depreciation	452	242	694	1,417	1,200	2,617	3,311
Taxes and licenses	148	185	333	390	420	810	1,143
Total expenses	$ 1,154,235	$ 47,529,923	$ 48,684,158	$ 628,256	$ 535,843	$ 1,164,099	$ 49,848,257

See accompanying notes to financial statements

International Relief Teams
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services			Supporting Services			Total
	Disaster Response	Building Healthy Communities	Total	Management and General	Fundraising	Total	2023
Donated medical supplies	$ 26,864	$ 47,192,040	$ 47,218,904	$ -	$ -	$ -	$ 47,218,904
Donations to nonprofits	2,606,524	54,000	2,660,524	-	-	-	2,660,524
Supplies and equipment	381,656	444,259	825,915	24,985	1,545	26,530	852,445
Salaries	111,786	59,908	171,694	350,496	297,149	647,645	819,339
Marketing and advertising	4,582	8,069	12,651	19,602	264,247	283,849	296,500
Occupancy	24,084	12,907	36,991	75,514	64,021	139,535	176,526
Professional fees	12,607	4,814	17,421	42,052	36,170	78,222	95,643
Payroll taxes	8,965	4,805	13,770	28,109	23,831	51,940	65,710
Amortization on right of use assets	8,540	4,577	13,117	26,775	22,700	49,475	62,592
Employee benefits	7,376	3,953	11,329	23,127	19,607	42,734	54,063
Bank fees	4,863	1,883	6,746	14,921	13,010	27,931	34,677
Outsourced staff	2,560	1,372	3,932	8,027	6,805	14,832	18,764
Taxes and licenses	106	42	148	352	5,260	5,612	5,760
Depreciation	501	268	769	1,571	1,332	2,903	3,672
Retirement	252	135	387	790	669	1,459	1,846
Total expenses	$ 3,201,266	$ 47,793,032	$ 50,994,298	$ 616,321	$ 756,346	$ 1,372,667	$ 52,366,965

See accompanying notes to financial statements

International Relief Teams
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 196,330	$ (660,225)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	3,311	3,672
Amortization of right of use asset	75,110	62,592
Net unrealized and realized investment gains	(119,618)	(140,418)
Unrealized appreciation - endowment	(121,041)	(223,243)
Changes in operating assets and liabilities:		
Accounts receivable	(70,000)	7,235
Deposits and prepaid expenses	(36,397)	(50,395)
Right of use assets and lease liability	14,497	(47,457)
Accounts payable and accrued liabilities	(182,817)	161,169
Deferred revenue	38,000	-
Net cash used in operating activities	(202,625)	(887,070)
Cash flows from investing activities:		
Purchases of property and equipment	(5,240)	(21,545)
Sale of investments	(3,154,080)	-
Purchases of investments	2,361,624	(38,329)
Net cash used in investing activities	(797,696)	(59,874)
Net change in cash and cash equivalents	(1,000,321)	(946,944)
Cash and cash equivalents, beginning	2,626,358	3,573,302
Cash and cash equivalents, ending	$ 1,626,037	$ 2,626,358

See accompanying notes to financial statements

Note 1 - Organization and summary of significant accounting policies

Nature of Activities
International Relief Teams (IRT) is a nonprofit public benefit corporation incorporated in 1990. The mission of IRT is dedicated to alleviating human suffering by providing critical assistance to victims of disaster, profound poverty and neglect worldwide. IRT is supported by contribution, grants, and fundraising activities.

Basis of Accounting
"IRT" or the "Organization" accounting records and accompanying financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

New Accounting Pronouncement
In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 326, Financial Instruments – Credit Losses, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. This guidance was effective January 1, 2023 and does not have an impact on the current year financial statements.

The Organization adopted ASU 2020-07 for the year-ended June 30, 2024, and the accompanying Statement of Activities presents these amounts as in-kind contributions.

Net Asset Classification
The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions

- Net assets without donor restrictions - Net assets represent expendable funds available for operations, which are not otherwise limited and with donor restrictions.

- Net assets with donor imposed restrictions - Net assets subject to donor-imposed restrictions that can be filled by actions of the Organization pursuant to those stipulations or that expire with the passage of time. The Organization reports gifts of cash and other assets as revenues with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

Liquidity
The Organization's financial assets available within one year of the balance sheet date for general expenditures such as operating expenses and capital purchases are as follows:

		2024
Cash and cash equivalents	$	1,626,037
Accounts receivable		70,000
	$	1,696,037

Cash and Cash Equivalents
Short-term investments with original maturity greater than three months are included in investments. Cash and cash equivalents are reported at cost, which approximates market value.

Accounts Receivable
Accounts receivable consists primarily of participation fees which are typically due 30 days after issuance of the invoice and grants. Receivables past due more than 180 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. No allowance for uncollectible accounts receivable has been reflected in the financial statements as management believes all accounts to be collectible.

Fair Value Measurements
The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under US GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

> Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
>
> Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.
>
> Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Property and Equipment
Property and equipment are recorded at cost. Generally, the Organization capitalizes assets with a value of $500 or more. Depreciation is provided on the straight-line method over the estimated useful lives of the asset which are five years for office and medical equipment and three years for the remaining equipment or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term.

Upon sale or disposition of property and equipment, the asset is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale, and any resultant gain or loss is then recorded as income or expense.

Expenditures for repairs and maintenance and other costs that do not improve the property and equipment, extend the useful life or otherwise do not meet capitalization criteria are charged to expense as incurred.

Valuation of Long-lived Assets
ASC Topic 360, Property, Plant, and Equipment requires that long-lived assets and certain identifiable intangibles to be held and used by the Organization be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment, which is determined based upon the estimated fair value of the asset, is recorded when estimated undiscounted cash flows expected to be generated by the asset is insufficient to recover its net carrying value. As of

June 30, 2024 and 2023, the Organization did not identify any events or circumstances that would require the recognition of an impairment loss under this standard.

Revenue Recognition
The Organization follows current US GAAP guidance for revenue recognition, including guidance related to Topic 606, Revenue from Contracts with Customers, and Topic 958, Not-For-Profit Entities. The details of the transaction are reviewed for appropriate application of the guidance. The Organization evaluates each source of revenue to determine whether the parties to the agreement have exchanged commensurate value for the transfer of resources, in which case, revenue is recognized in accordance with Topic 606. If commensurate value has not been exchanged for resources between the parties to the agreement, the transaction is determined to be a contribution and revenue is recognized in accordance with guidance related to Topic 958. For transactions determined to be contracts with customers, the Organization follows a five-step model: (1) Identify the contract with the customer; (2) identify the performance obligations; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation; and (5) recognize revenue when (or as) each performance obligations is met. For transactions determined to be contributions, the transaction review includes determining whether conditions exist that create a barrier that must be fulfilled for revenue to be recognized and whether there are donor restrictions placed on the contribution related to the purpose for which the funds may be used.

Contributions, including unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate class of net assets. Contributions where donor restrictions are met within the same fiscal year as the contribution is received are included in unrestricted net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate. An allowance for uncollectible contributions is estimated based upon such factors as prior collection history, type of contribution and nature of fundraising activity.

Revenue and Deferred Revenue
Revenue consists of participation fees, grants and other services. In applying the five-step model, the Organization recognizes revenues when earned. Deferred revenue consists of participation fees and grants collected prior to the period to which they apply and are deferred and recognized over the periods to which the dues and grants are earned.

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Donated Services and In-Kind Contributions
Contributed non-financial assets include services, medicines, and supplies which are recorded at the respective fair value of the goods and services received.

Likewise, Medicines for Children, IRT’s flagship program, could not operate without donated medicines and supplies. Donated medicines and supplies are currently recorded as in-kind contribution revenue at their estimated fair value as determined by Wholesale Acquisition Cost (WAC) at the date of the donation and in the geographic market it was acquired. IRT relies on estimates of fair value as determined by WAC calculated by the donor but has the ability to independently determine WAC when not provided by the donor.

Donated services by medical and construction professional have been valued at amounts comparable to industry averages for the services provided, on a conservative basis.

IRT does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to IRT. Program services, administration, and fundraising and development activities; however the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

In-Kind Suppliers

IRT utilizes the services of several agencies in its efforts to obtain medicines and medical supplies. Under formal and informal agreements, these agencies provide donated medicines and medical supplies for a minimal processing fee. Donated medicines and medical supplies are recorded as public support nonfinancial assets and offsetting program expenses (donated medical supplies). Under this agreement, IRT received a total of $46,334,423 and $47,218,904 of medicines and medical supplies during the years ended June 30, 2024 and 2023, respectively.

Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of functional expenses. The schedules present the natural classification detail of expenses by function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are tracked using direct indemnification methodology of charging specific expenses as either program, management and general, or fundraising. The financial statements report certain categories of expense that are attributable to one or more programs of supporting functions. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the programs and supporting services based on time record, space utilized and estimates made by the Organization's management.

Income Tax Status

The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Organization remains subject to taxes on any net income which is derived from a trade or business, regularly carried on and unrelated to its exempt purpose.

The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2024 and 2023, and therefore no amounts have been accrued.

Use of Estimates

The preparation of financial statements in conformity with the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Management believes that the estimates made are reasonable.

Note 2 – Concentrations

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per bank deposit account. As of June 30, 2024, there was $940,870, in cash deposits in excess of federally insured amounts by the FDIC.

Note 3 – Property and equipment

The following is a summary of property and equipment for the years ended on June 30, 2024 and 2023:

	2024	2023
Office and medical equipment	$ 104,015	$ 95,460
Leasehold improvements	21,596	21,596
	125,611	117,056
Less accumulated depreciation	(91,515)	(84,889)
Total	$ 34,096	$ 32,167

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was $3,311 and $3,672 respectively.

Note 4 – Investments

The following tables set forth by level, within the fair value hierarchy, IRT's assets at fair value as of June 30:

2024:

	Level 1	Level 2	Level 3	Total
Fixed income	$ 2,434,875	$ -	$ -	$ 2,434,875
Exchange fund	745,235	-	-	745,235
Certificate deposits	907,080	-	-	907,080
Limited partnerships	-	1,447,784	-	1,447,784
Total	$ 4,087,190	$ 1,447,784	$ -	$ 5,534,974

2023:

	Level 1	Level 2	Level 3	Total
Fixed income	$ 2,474,784	$ -	$ -	$ 2,474,784
Exchange fund	696,768	-	-	696,768
Equities	3,564	-	-	3,564
Limited partnerships	-	1,326,743	-	1,326,743
Total	$ 3,175,116	$ 1,326,743	$ -	$ 4,501,859

The following table summarizes the gain (losses) on investments for the year ended June 30, 2024:

	Without donor restrictions	Without donor restrictions
Interest and dividend income	$ 241,838	$ -
Realized and unrealized gain	-	111,041
	$ 241,838	$ 111,041

The following table summarizes the gain (losses) on investments for the year ended June 30, 2023:

	Without donor restrictions	Without donor restrictions
Interest and dividend income	$ 120,765	$ -
Realized and unrealized gain	-	82,825
	$ 120,765	$ 82,825

Note 5 – Net assets with donor restrictions

Net assets with donor restrictions represent contributions and other inflows received by the Organization, which are limited in their use by the donor-imposed stipulations. Net assets with donor restrictions are available for the following purposes at June 30, 2024 and 2023:

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended June 30, 2024 and 2023:

Programs - Restricted	**6/30/2023**	**Additions**	**Releases**	**6/30/2024**
Emergency Relief	$ 262,319	$ 624,214	$ (680,220)	$ 206,313
Building Healthy Communities	501,027	373,494	(414,012)	460,509
Board Pledge	-	70,000	(30,842)	39,158
Total Program Restrictions	$ 763,346	$ 883,842	$ (1,125,074)	$ 705,980
Perpetual in nature	560,665	10,000	-	570,665
Total with donor restriction	$ 1,324,011	$ 893,842	$ (1,125,074)	$ 1,276,645

Programs - Restricted	**6/30/2022**	**Additions**	**Releases**	**6/30/2023**
Disaster Response	$ 908,720	$ 262,319	$ (908,720)	$ 262,319
Building Healthy Communities	272,686	583,852	(272,686)	583,852
Total Program Restrictions	$ 1,181,406	$ 846,171	$ (1,181,406)	$ 846,171
Perpetual in nature	420,247	140,418	-	560,665
Total with donor restriction	$ 1,601,653	$ 986,589	$ (1,181,406)	$ 1,406,836

Note 6 – Leases Commitments

IRT leases facilities in San Diego California under a non-cancelable operating lease which expires in September 2027.

IRT includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The operating lease provides for increases in future minimum rental payments.

Supplemental balance sheet information related to the operating lease liability is as follows as of June 30, 2024:

	2024
Right of use asset obtained in exchange for lease obligation:	
Operating leases	$ 237,848
Weighted average remaining lease term	
Operating leases (in months)	38
Weighted average discount rate	
Operating leases	4.21%

Minimum future rental payments under non-cancelable operating lease, in aggregate, having remaining terms in excess of one year for the year ended June 30, 2024 are as follows:

2025	$ 85,887
2026	89,323
2027	92,896
2028	15,583
Total minimum lease payments	283,689
Amount of interest	(18,833)
Present value of lease liability	$ 264,856

Note 7 – Endowment

The Organization's endowment consists of individual funds established by donors to provide annual funding for specific activities and general operations. IRT's Board of Directors has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, IRT retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation is added.

Donor-restricted amounts not retained in perpetuity to appropriation for expenditure by IRT in a manner consistent with the stand of prudence prescribed by UPMIFA. IRT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the organization; and
7. The investment policies of the organization.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). IRT has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2024 and 2023, there were no underwater endowments.

Investment and Spending Policies

IRT has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested prudently to ensure long-term growth and income generation.

IRT uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate determined and adjusted from time to time by the Board of Directors is applied to the average fair value of the Endowment investments at June 30 of each year to determine the spending amount for the upcoming year. During 2024, the spending rate maximum was 98% of the total yield for the year. In establishing this policy, IRT considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

The following table sets forth, by the level within the fair value measurement valuation hierarchy, the Organization's investments at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Non-endowment fund	$ 4,087,190	$ -	$ -	$ 4,087,190
Endowment fund	-	1,447,784	-	1,447,784
Total investments	$ 4,087,190	$ 1,447,784	$ -	$ 5,534,974

The following table sets forth, by the level within the fair value measurement valuation hierarchy, the Organization's investments at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Non-endowment fund	$ 3,175,116	$ -	$ -	$ 3,175,116
Endowment fund	-	1,326,743	-	1,326,743
Total investments	$ 3,175,116	$ 1,326,743	$ -	$ 4,501,859

The following table represents the Organization's Level 2 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs for 2024:

Instrument	Fair value	Principal valuation technique	Unobservable inputs	Significant input values	Weighted average
Endowment fund	$ 1,447,784	Valuation of underlying assets as provided by trustee	Investment period (liquidity)	N/A	N/A

The following table represents the Organization's Level 2 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs for 2023:

Instrument	Fair value	Principal valuation technique	Unobservable inputs	Significant input values	Weighted average
Endowment fund	$ 1,326,743	Valuation of underlying assets as provided by trustee	Investment period (liquidity)	N/A	N/A

Note 8 – Litigation

Legal claims and lawsuits arise from time to time in the normal course of business. The Organization does not believe any of these matters will have a significant effect on the Organization financial statements.

Note 9 – Subsequent Event

Subsequent events have been evaluated through April 15, 2025, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require adjustment to, or disclosure in the financial statements.