

INTERNATIONAL RELIEF TEAMS

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

INTERNATIONAL RELIEF TEAMS

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INDEPENDENT AUDITOR'S REPORT

October 17, 2020

Board of Directors
International Relief Teams
San Diego, California

We have audited the accompanying financial statements of International Relief Teams (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

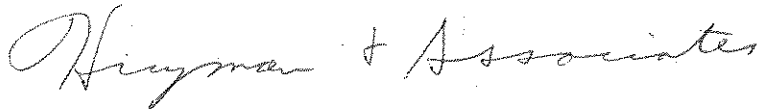
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 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 Relief Teams as of June 30, 2020 and 2019, 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.

A handwritten signature in cursive script that reads "Hinzman & Associates".

HINZMAN & ASSOCIATES
A Professional Corporation
Certified Public Accountants

INTERNATIONAL RELIEF TEAMS
Statement of Financial Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Assets:		
Cash and cash equivalents	\$ 2,203,515	\$ 268,162
Accounts receivable	8,986	19,544
Prepaid expenses and deposits	10,016	9,974
Endowment fund earnings	545,922	487,596
Investments	2,296,857	3,800,927
Property and equipment, net	19,913	24,433
Investments restricted for permanent endowment	<u>400,247</u>	<u>390,247</u>
Total assets	<u><u>\$ 5,485,456</u></u>	<u><u>\$ 5,000,883</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 73,839	\$ 193,795
Deferred rent	4,562	6,118
Refundable advance payable	<u>126,522</u>	<u>-</u>
Total liabilities	<u>204,923</u>	<u>199,913</u>
Net Assets:		
Without donor restrictions	3,758,267	2,930,451
With donor restrictions	<u>1,522,266</u>	<u>1,870,519</u>
Total net assets	<u>5,280,533</u>	<u>4,800,970</u>
Total liabilities and net assets	<u><u>\$ 5,485,456</u></u>	<u><u>\$ 5,000,883</u></u>

INTERNATIONAL RELIEF TEAMS
Statement of Activities
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net Assets without Donor Restrictions		
Revenue and public support:		
Public contributions	\$ 2,168,610	\$ 2,026,415
Grants	615,192	578,780
Gifts-in-kind	43,061,602	41,872,981
Fundraising - special events	174,168	221,173
Investment income	116,078	184,933
Total unrestricted revenues and public support	<u>46,135,650</u>	<u>44,884,282</u>
Net assets released from restrictions	<u>743,153</u>	<u>393,454</u>
Total revenue and public support	<u>46,878,803</u>	<u>45,277,736</u>
Expenses		
Program services:		
Disaster response	1,643,378	8,074,054
Building healthy communities	43,663,243	35,637,260
Total program services	<u>45,306,621</u>	<u>43,711,314</u>
Supporting services:		
General and administrative	422,954	279,680
Fundraising	321,412	457,468
Total supporting services	<u>744,366</u>	<u>737,148</u>
Total expenses	<u>46,050,987</u>	<u>44,448,462</u>
Increase (decrease) in unrestricted net assets without donor restrictions	<u>827,816</u>	<u>829,274</u>
Net Assets with Donor Restrictions		
Donations received in advance of services provided	384,900	3,365
Endowment	10,000	110,000
Net assets released from restrictions		
- satisfied by payments	<u>(743,153)</u>	<u>(393,454)</u>
Inc. (dec.) in temporarily restricted net assets	<u>(348,253)</u>	<u>(280,089)</u>
Increase (decrease) in net assets	479,563	549,185
Net assets at beginning of year	4,800,970	4,251,785
Net assets at end of year	<u>\$ 5,280,533</u>	<u>\$ 4,800,970</u>

INTERNATIONAL RELIEF TEAMS
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services			Supporting Services		
	Disaster Response	Building Healthy Communities	Total Program Services	General and Administrative	Fund Raising	Total Functional Expenses
Salaries	\$ 32,629	\$ 186,676	\$ 219,305	\$ 239,287	\$ 121,028	\$ 579,620
Payroll taxes	3,210	18,518	21,728	24,076	12,494	58,298
Employee benefits	3,258	18,904	22,162	24,550	11,345	58,057
	<u>39,097</u>	<u>224,098</u>	<u>263,195</u>	<u>287,913</u>	<u>144,867</u>	<u>695,975</u>
Volunteer services	21,585	-	21,585	61	-	21,646
Medical supplies	43,755	43,023,131	43,066,886	29	-	43,066,915
Travel, meals and lodging	45,586	19,055	64,641	533	278	65,452
Donations to nonprofits	66,710	85,700	152,410	-	-	152,410
Rent	12,334	28,118	40,452	30,217	19,497	90,166
Other supplies	770,869	18,375	789,244	3,227	1,414	793,885
Telephone	528	3,208	3,736	4,674	1,904	10,314
Postage and shipping	4,942	1,413	6,355	2,171	5,680	14,206
Printing and video services	-	2,597	2,597	3,507	27,501	33,605
Special events	-	398	398	112	75,791	76,301
Business meetings	55	115	170	440	98	708
Utilities	386	2,195	2,581	2,529	1,482	6,592
Newsletter	-	9,787	9,787	-	-	9,787
Janitorial and security service	299	1,709	2,008	2,077	1,049	5,134
Insurance	139	2,623	2,762	4,621	1,842	9,225
Professional fees	3,519	61,245	64,764	72,472	16,212	153,448
Processing handling fees	3,595	173,000	176,595	-	-	176,595
Construction supplies	629,259	2,623	631,882	-	-	631,882
Equipment	134	761	895	3,880	434	5,209
Depreciation expense	81	1,534	1,615	2,692	1,077	5,384
Miscellaneous	505	1,558	2,063	1,799	22,286	26,148
	<u>\$ 1,643,378</u>	<u>\$ 43,663,243</u>	<u>\$ 45,306,621</u>	<u>\$ 422,954</u>	<u>\$ 321,412</u>	<u>\$ 46,050,987</u>

INTERNATIONAL RELIEF TEAMS
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services			Supporting Services		
	Disaster Response	Building Healthy Communities	Total Program Services	General and Administrative	Fund Raising	Total Functional Expenses
Salaries	\$ 26,277	220,131	\$ 246,408	\$ 149,595	\$ 158,587	\$ 554,590
Payroll taxes	2,390	19,859	22,249	13,895	14,633	50,777
Employee benefits	2,159	20,071	22,230	9,024	14,782	46,036
	<u>30,826</u>	<u>260,061</u>	<u>290,887</u>	<u>172,514</u>	<u>188,002</u>	<u>651,403</u>
Volunteer services	21,781	47,433	69,214	308	-	69,522
Medical supplies	6,954,469	34,618,569	41,573,038	-	-	41,573,038
Travel, meals and lodging	73,551	41,579	115,130	685	347	116,162
Donations to nonprofits	319,001	94,200	413,201	500	-	413,701
Rent	16,558	29,139	45,697	24,154	24,773	94,624
Other supplies	291,766	221,909	513,675	5,420	1,665	520,760
Telephone	347	3,602	3,949	2,234	2,240	8,423
Postage and shipping	11,833	28,050	39,883	4,459	13,538	57,880
Printing and video services	87	11,654	11,741	4,519	33,881	50,141
Special events	-	610	610	-	137,591	138,201
Business meetings	40	1,469	1,509	809	4,384	6,702
Utilities	341	2,902	3,243	2,094	2,077	7,414
Newsletter	-	17,216	17,216	-	-	17,216
Janitorial and security service	237	2,114	2,351	1,434	1,770	5,555
Insurance	303	3,619	3,922	1,866	2,481	8,269
Professional fees	2,245	103,001	105,246	54,338	32,743	192,327
Processing handling fees	25,000	138,000	163,000	-	-	163,000
Construction supplies	325,068	5,645	330,713	-	-	330,713
Equipment	40	457	497	976	432	1,905
Depreciation expense	171	2,041	2,212	1,053	1,399	4,664
Miscellaneous	390	3,990	4,380	2,317	10,145	16,842
	<u>\$ 8,074,054</u>	<u>\$ 35,637,260</u>	<u>43,711,314</u>	<u>\$ 279,680</u>	<u>\$ 457,468</u>	<u>\$ 44,448,462</u>

INTERNATIONAL RELIEF TEAMS
Statement of Cash Flows
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flow from Operating Activities		
Increase (decrease) in net assets	\$ 479,563	\$ 549,185
Adjustments to reconcile increase (decrease) in net assets to net cash flow from operating activities:		
Depreciation	5,384	4,664
Contributions of investments for permanent endowment	(10,000)	(110,000)
Stock contributions	(127,238)	(51,501)
Net unrealized and realized investment (gain) loss	30,090	(51,155)
Unrealized appreciation - endowment	(58,326)	(57,917)
Effect of change in:		
Accounts receivable	10,558	(13,961)
Prepaid expenses and deposits	(42)	(718)
Accounts payable and accrued expenses	(119,956)	72,411
Deferred rent	(1,556)	889
Net cash flow from operating activities	<u>208,477</u>	<u>341,897</u>
Cash flow from Investing Activities		
Purchase of property, plant and equipment	(864)	(12,718)
Purchase of securities	(1,643,951)	(4,399,829)
Proceeds from disposal of securities	3,245,169	701,558
Net cash flow from investing activities	<u>1,600,354</u>	<u>(3,710,989)</u>
Cash flow from Financing Activities		
Proceeds from refundable advance payable	126,522	-
Net cash flow from financing activities	<u>126,522</u>	<u>-</u>
Net increase (decrease) in cash	1,935,353	(3,369,092)
Cash, beginning of year	268,162	3,637,254
Cash, end of year	<u><u>\$ 2,203,515</u></u>	<u><u>\$ 268,162</u></u>

The accompanying notes are an integral part of these financial statements.

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INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of organization

International Relief Teams, formerly known as Southwest Medical Teams, (the Organization) was incorporated on May 21, 1990. It is a non-profit organization dedicated to alleviating human suffering by providing critical assistance to victims of disaster, profound poverty and neglect worldwide. The Organization is supported primarily by contributions, grants and fundraising activities.

Basis of presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Expenditures for property and equipment are stated at cost. Donated assets are recorded at their estimated fair market values at dates of contribution. Depreciation of property and equipment is calculated on the straight-line basis over the estimated useful life of five years.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Gifts-in-kind

The Organization encourages and receives substantial contributions in the form of in-kind services, medicines and supplies. Its programs could not survive without volunteer staff. Experienced staff could not be hired on short notice and funds are not available to provide them with full-time positions. Numerous volunteers have donated significant amounts of time to the Organization's fund-raising events and program services. Although no amounts for non-professionals have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$150,110 and \$388,370 for the years ended June 30, 2020 and 2019, respectively.

Likewise, the program could not operate without donated medicines and supplies. Donated medicines and supplies are currently recorded as contribution revenue and donated medicines and supplies expense 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. The Organization relies on estimates of fair value as determined by the 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 professionals have been valued at amounts comparable to industry averages for the service provided, on a conservative basis.

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind suppliers

The Organization 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 (gifts-in-kind), and an offsetting program expense (medical supplies). Under this agreement, the Organization received a total of \$43,020,901 and \$41,561,439 of medicines and medical supplies during the years ended June 30, 2020 and 2019, respectively, for processing fees of \$173,000 and \$163,000, respectively. The costs of transporting these medicines and medical supplies from the agencies to their final destinations totaled \$0 and \$25,563 during the years ended June 30, 2020 and 2019, respectively, and are included in postage and shipping expenses in the accompanying Statement of Functional Expenses.

Recognition of revenue and other support

Revenue from contributions is recognized when received. Revenue from grants is recognized when earned. Pledge revenue is recorded when pledges are made and receipt is reasonably assured. Revenues from government and foundation grants are recorded based on the terms and conditions of the individual grants, but in no case are they recorded to unrestricted revenue before specified services are performed or reimbursable costs are incurred. Performance based grant revenue is recorded as the specified services are performed.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

INTERNATIONAL RELIEF TEAMS
Notes to Financial Statements
June 30, 2020 and 2019

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly charged are allocated to a program based on the percentage of salary expense incurred compared to total program salary expense.

All expenses incurred in connection with fund raising appeals are charged as fund raising expenses. Expenses incurred in connection with the newsletter are charged as program awareness expenses since the fund raising aspect of the newsletter is considered incidental.

Concentrations

The Organization relies significantly on public donations, including donations generated by those who participate in fund raising events. The Organization is subject to business risks associated with the economy which affects the donor's ability to contribute.

The Organization's cash balances in financial institutions at times may exceed federally insured limits. At June 30, 2020 and 2019, the Organization had \$3,397,000 and \$2,681,000, respectively, over the FDIC and SIPC insurance level. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Compensated absences

The Organization has not recorded any amounts as liabilities for accrued vacation. Management has determined that such amounts are not material to the financial position of the Organization.

Income tax status

International Relief Teams qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and similar California law and generally is not subject to income taxes.

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Rent

Rent expense for the office lease (see Note 6), which has a fixed escalation clause, is recorded on a straight-line basis over the term of the lease. Accordingly, rent expense incurred in excess of rent paid is reflected as deferred rent in the accompanying statement of financial position.

Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

2. AVAILABILITY AND LIQUIDITY

The following represents The Organization's financial assets at June 30, 2020 and 2019:

Financial assets at year end:	June 30, 2020	June 30, 2019
Cash and cash equivalents	\$ 2,203,515	\$ 268,162
Accounts receivable	8,986	19,544
Endowment fund earnings	946,169	877,843
Investments	<u>2,296,857</u>	<u>3,800,927</u>
Total financial assets	5,455,527	4,966,476
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>1,522,266</u>	<u>1,870,519</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,933,261</u>	<u>\$ 3,095,957</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$747,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts, certificates of deposit and publicly traded equities.

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2020 and 2019

3. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	June 30, 2020	June 30, 2019
Office equipment	\$ 45,817	\$ 44,954
Medical equipment	23,613	23,613
Timeshare	8,000	8,000
Leasehold improvements	11,823	11,823
	89,253	88,390
Accumulated depreciation	(69,340)	(63,957)
	<u>\$ 19,913</u>	<u>\$ 24,433</u>

4. FAIR VALUE MEASUREMENTS

The Organization is required to account for all financial and non-financial instruments at fair value.

Fair value is determined based on the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Fair value is determined by a three level valuation 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The Organization's investments that require fair value measurement are its endowment fund and marketable securities. The endowment fund consists of an ownership interest in a limited partnership that invests in mortgage-backed securities.

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2020 and 2019

4. FAIR VALUE MEASUREMENTS (continued)

The principal of the endowment fund must be held indefinitely as required by the donors and is included in net assets with donor restrictions. Income from the investment can be used to fund operating activities, and thus is recorded as investment income without donor restrictions.

The fair value of the investment in the limited partnership is determined by the Organization's ownership interest in partner's capital as calculated by the limited partnership. As such, the Organization classified this investment using Level 2 hierarchy inputs.

At June 30, 2020, all investments in marketable securities are recorded using Level 1 hierarchy inputs.

Changes in the investment in limited partnership are identified below:

	June 30, 2020	June 30, 2019
Beginning balance	\$ 877,843	\$ 709,926
Contribution to endowment	10,000	110,000
Total unrealized gain	58,326	57,917
Ending balance	<u>\$ 946,169</u>	<u>\$ 877,843</u>

Investment in limited partnership consists of:

	June 30, 2020	June 30, 2019
Endowment fund earnings	\$ 545,922	\$ 487,596
Investment restricted for permanent endowment	400,247	390,247
	<u>\$ 946,169</u>	<u>\$ 877,843</u>

Investment return is included in unrestricted net assets and is comprised of:

	Year Ended June 30:	
	2020	2019
Interest and dividend income	\$ 87,842	\$ 75,861
Unrealized investment income - endowment	58,326	57,917
Unrealized and realized gain (loss)	(30,090)	51,155
	<u>\$ 116,078</u>	<u>\$ 184,933</u>

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2020 and 2019

5. REFUNDABLE ADVANCE PAYABLE

The Organization received a loan from Endeavor Bank in the amount of \$126,522 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 17, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. Although the Organization has applied for loan forgiveness, no determination has yet been made as to whether the loan will be forgiven, in whole or in part. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. The loan may be repaid at any time with no prepayment penalty.

6. NET ASSETS

Net assets with donor restrictions were as follows for the years ended June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Disaster response	\$ 871,622	\$ 1,190,945
Building healthy communities	250,397	289,328
Endowment	400,247	390,247
Total	<u>\$ 1,522,266</u>	<u>\$ 1,870,520</u>

Net assets without donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Undesignated	<u>\$ 3,758,267</u>	<u>\$ 2,930,451</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Satisfaction of purpose restrictions	<u>\$ 743,153</u>	<u>\$ 393,454</u>

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2020 and 2019

7. LEASE COMMITMENTS

The Organization leases office space for its operations, this lease expires in October 2021. The lease calls for monthly payments of \$5,489 and will increase by 4% every year.

Future minimum lease commitments are:

Year ended	June 30, 2021	\$	76,100
	June 30, 2022		25,700
		\$	<u>101,800</u>

8. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash operating activities include:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Donated services recorded as revenue and expense	<u>\$ 21,646</u>	<u>\$ 68,712</u>
Donated medical supplies recorded as revenue and expense	<u>\$ 43,020,901</u>	<u>\$ 41,561,439</u>
Donated supplies recorded as revenue and expense	<u>\$ -</u>	<u>\$ 196,864</u>

9. SALARY DEFERRAL PLAN

In July 1999, the Organization initiated a 401K Retirement Plan. The Organization may contribute annually to the plan and also may match a portion of the employees' salary reduction contributions. All employees with at least 3 months of continuous service are eligible for the plan. The Organization contributed \$57,348 and \$53,644 to the plan for the years ended June 30, 2020 and 2019, respectively.

INTERNATIONAL RELIEF TEAMS
Notes to Financial Statements
June 30, 2020 and 2019

10. SUBSEQUENT EVENT

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease (“COVID-19”) as a pandemic, and the Organization has expects operations and donations to be affected as the virus continues to proliferate. The Organization has adjusted certain aspects of its operations to protect its employees. The Organization will continue to monitor the situation closely and it is possible they will implement further measures. In light of the uncertainty as to the severity and duration of the pandemic it is difficult to estimate the extent of the negative impact on contributions, expenses and financial position at this time.

Subsequent events were evaluated through October 17, 2020, which is the date the financial statements were available to be issued.