

INTERNATIONAL RELIEF TEAMS
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

INTERNATIONAL RELIEF TEAMS

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INDEPENDENT AUDITOR'S REPORT

October 12, 2021

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Assets:		
Cash and cash equivalents	\$ 3,253,771	\$ 2,203,515
Accounts receivable	4,705	8,986
Prepaid expenses and deposits	10,029	10,016
Endowment fund earnings	610,847	545,922
Investments	2,170,751	2,296,857
Property and equipment, net	15,062	19,913
Investments restricted for permanent endowment	<u>410,247</u>	<u>400,247</u>
Total assets	<u><u>\$ 6,475,412</u></u>	<u><u>\$ 5,485,456</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 104,622	\$ 73,839
Deferred rent	461	4,562
Refundable advance payable	<u>-</u>	<u>126,522</u>
Total liabilities	<u>105,083</u>	<u>204,923</u>
Net Assets:		
Without donor restrictions	5,227,229	3,758,267
With donor restrictions	<u>1,143,100</u>	<u>1,522,266</u>
Total net assets	<u>6,370,329</u>	<u>5,280,533</u>
Total liabilities and net assets	<u><u>\$ 6,475,412</u></u>	<u><u>\$ 5,485,456</u></u>

INTERNATIONAL RELIEF TEAMS
Statement of Activities
For the Years Ended June 30, 2021 and 2021

	2021	2020
Net Assets without Donor Restrictions		
Revenue and public support:		
Public contributions	\$ 2,496,991	\$ 2,168,610
Grants	1,454,954	615,192
Gifts-in-kind	47,511,267	43,061,602
Fundraising - special events	156,380	174,168
Investment income	75,161	116,078
Total unrestricted revenues and public support	51,694,753	46,135,650
Net assets released from restrictions	419,647	743,153
Total revenue and public support	52,114,400	46,878,803
Expenses		
Program services:		
Disaster response	2,000,235	1,643,378
Building healthy communities	48,176,107	43,663,243
Total program services	50,176,342	45,306,621
Supporting services:		
General and administrative	488,988	422,954
Fundraising	233,302	321,412
Total supporting services	722,290	744,366
Total expenses	50,898,632	46,050,987
Other income		
Gain on refundable advance payable forgiveness	253,194	-
Increase (decrease) in net assets without donor restrictions	1,468,962	827,816
Net Assets with Donor Restrictions		
Donations received in advance of services provided	30,481	384,900
Endowment	10,000	10,000
Net assets released from restrictions		
- satisfied by payments	(419,647)	(743,153)
Inc. (dec.) in net assets with donor restrictions	(379,166)	(348,253)
Increase (decrease) in net assets	1,089,796	479,563
Net assets at beginning of year	5,280,533	4,800,970
Net assets at end of year	\$ 6,370,329	\$ 5,280,533

INTERNATIONAL RELIEF TEAMS
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services			Supporting Services		
	Disaster Response	Building Healthy Communities	Total Program Services	General and Administrative	Fund Raising	Total Functional Expenses
Salaries	\$ 19,391	\$ 147,452	\$ 166,843	\$ 290,324	\$ 114,225	\$ 571,392
Payroll taxes	1,677	12,732	14,409	22,799	9,764	46,972
Employee benefits	2,070	16,275	18,345	31,682	11,934	61,961
	<u>23,138</u>	<u>176,459</u>	<u>199,597</u>	<u>344,805</u>	<u>135,923</u>	<u>680,325</u>
Volunteer services	-	-	-	33	-	33
Medical supplies	106,795	47,180,589	47,287,384	-	-	47,287,384
Travel, meals and lodging	2,944	(589)	2,355	233	10	2,598
Donations to nonprofits	112,924	48,000	160,924	-	-	160,924
Rent	4,249	23,107	27,356	35,709	19,139	82,204
Other supplies	1,184,328	401,538	1,585,866	1,791	447	1,588,104
Telephone	265	2,140	2,405	4,375	1,594	8,374
Postage and shipping	69,315	44,221	113,536	2,247	3,711	119,494
Printing and video services	-	3,407	3,407	49	12,294	15,750
Special events	-	-	-	-	11,695	11,695
Business meetings	5	56	61	208	602	871
Utilities	204	1,343	1,547	2,744	1,191	5,482
Newsletter	-	1,894	1,894	-	-	1,894
Janitorial and security service	88	669	757	1,331	539	2,627
Insurance	371	2,600	2,971	5,624	1,574	10,169
Professional fees	1,996	122,983	124,979	82,367	34,751	242,097
Processing handling fees	10,000	164,134	174,134	-	-	174,134
Construction supplies	482,986	-	482,986	-	-	482,986
Equipment	50	437	487	1,452	317	2,256
Depreciation expense	306	1,380	1,686	2,985	836	5,507
Miscellaneous	271	1,739	2,010	3,035	8,679	13,724
	<u>\$ 2,000,235</u>	<u>\$ 48,176,107</u>	<u>\$ 50,176,342</u>	<u>\$ 488,988</u>	<u>\$ 233,302</u>	<u>\$ 50,898,632</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 Cash Flows
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flow from Operating Activities		
Increase (decrease) in net assets	\$ 1,089,796	\$ 479,563
Adjustments to reconcile increase (decrease) in net assets to net cash flow from operating activities:		
Depreciation	5,507	5,384
Contributions of investments for permanent endowment	(10,000)	(10,000)
Stock contributions	(405,325)	(127,238)
Gain on refundable advance payable forgiveness	(253,194)	-
Net unrealized and realized investment (gain) loss	32,414	30,090
Unrealized appreciation - endowment	(64,925)	(58,326)
Effect of change in:		
Accounts receivable	4,281	10,558
Prepaid expenses and deposits	(13)	(42)
Accounts payable and accrued expenses	30,783	(119,956)
Deferred rent	(4,101)	(1,556)
Net cash flow from operating activities	<u>425,223</u>	<u>208,477</u>
Cash flow from Investing Activities		
Purchase of property, plant and equipment	(656)	(864)
Purchase of securities	(754,132)	(1,643,951)
Proceeds from disposal of securities	1,253,149	3,245,169
Net cash flow from investing activities	<u>498,361</u>	<u>1,600,354</u>
Cash flow from Financing Activities		
Proceeds from refundable advance payable	126,672	126,522
Net cash flow from financing activities	<u>126,672</u>	<u>126,522</u>
Net increase (decrease) in cash	1,050,256	1,935,353
Cash, beginning of year	2,203,515	268,162
Cash, end of year	<u>\$ 3,253,771</u>	<u>\$ 2,203,515</u>

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Under normal conditions, numerous volunteers donate significant amounts of time to the Organization's fund-raising events and program services. However, the Organization had to put all its volunteer activities on hold due to the COVID-19 pandemic. Consequently, although no amounts for non-professionals have been reflected in the financial statements, management estimates the fair value of those services to be \$0 and \$150,110 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020

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 \$47,220,339 and \$43,020,901 of medicines and medical supplies during the years ended June 30, 2021 and 2020, respectively, for processing fees of \$174,134 and \$176,595, respectively. The costs of transporting these medicines and medical supplies from the agencies to their final destinations totaled \$42,600 and \$0 during the years ended June 30, 2021 and 2020, respectively, and are included in postage and shipping expenses in the accompanying Statement of Functional Expenses.

Recognition of revenue and other support

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers, the standard was adopted effective July 1, 2020.

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.

We have analyzed the provisions of Topic 606 and have concluded that no changes are necessary to conform with the new standard.

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2021 and 2020

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

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.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

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.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Medical and other supplies	Direct allocation
Construction supplies	Direct allocation
Processing handling fees	Direct allocation
Donations to nonprofits	Direct allocation
Postage and shipping	Direct allocation
Professional fees	Time and effort
Other	Time and effort

INTERNATIONAL RELIEF TEAMS
Notes to Financial Statements
June 30, 2021 and 2020

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

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, 2021 and 2020, the Organization had \$3,823,000 and \$3,397,000, 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.

Deferred Rent

Rent expense for the office lease (see Note 7), 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.

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2021 and 2020

2. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2021 and 2020:

Financial assets at year end:	June 30, 2021	June 30, 2020
Cash and cash equivalents	\$ 3,253,771	\$ 2,203,515
Accounts receivable	4,705	8,986
Endowment fund earnings	610,847	545,922
Investments	2,170,751	2,296,857
Total financial assets	<u>6,040,074</u>	<u>5,055,280</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>1,143,100</u>	<u>1,522,266</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,896,974</u>	<u>\$ 3,533,014</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$506,000). 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.

3. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	June 30, 2021	June 30, 2020
Office equipment	\$ 46,474	\$ 45,817
Medical equipment	23,613	23,613
Timeshare	8,000	8,000
Leasehold improvements	11,823	11,823
	89,910	89,253
Accumulated depreciation	(74,848)	(69,340)
	<u>\$ 15,062</u>	<u>\$ 19,913</u>

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2021 and 2020

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.

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.

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2021 and 2020

4. FAIR VALUE MEASUREMENTS (continued)

The following is a summary of investments in brokerage accounts at June 30, 2021 and 2020:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Equity funds	\$ 755,180	\$ -
Fixed income	<u>1,415,571</u>	<u>2,296,857</u>
	<u>\$ 2,170,751</u>	<u>\$ 2,296,857</u>

At June 30, 2021, all investments in brokerage accounts were considered level 1 investments.

Changes in the investment in limited partnership are identified below:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Beginning balance	\$ 946,169	\$ 877,843
Contribution to endowment	10,000	10,000
Total unrealized gain	<u>64,925</u>	<u>58,326</u>
Ending balance	<u>\$ 1,021,094</u>	<u>\$ 946,169</u>

Investment in limited partnership consists of:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Endowment fund earnings	\$ 610,847	\$ 545,922
Investment restricted for permanent endowment	<u>410,247</u>	<u>400,247</u>
	<u>\$ 1,021,094</u>	<u>\$ 946,169</u>

At June 30, 2021, all investments in in the limited partnership were considered level 2 investments.

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

	<u>Year Ended June 30:</u>	
	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 42,650	\$ 87,842
Unrealized investment income - endowment	64,925	58,326
Unrealized and realized gain (loss)	<u>(32,414)</u>	<u>(30,090)</u>
	<u>\$ 75,161</u>	<u>\$ 116,078</u>

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2021 and 2020

5. REFUNDABLE ADVANCE PAYABLE

The Organization received two loans in the amount of \$126,522 and \$126,672, respectively, under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Organization applied for and received forgiveness of the PPP loan for both loans during 2021. The amount of loan forgiveness is classified as other income on the accompanying Statement of Activities.

6. NET ASSETS

Net assets with donor restrictions were as follows for the years ended June 30, 2021 and 2020:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Disaster response	\$ 469,996	\$ 871,622
Building healthy communities	262,857	250,397
Endowment	410,247	400,247
Total	<u>\$ 1,143,100</u>	<u>\$ 1,522,266</u>

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Undesignated	<u>\$ 5,227,229</u>	<u>\$ 3,758,267</u>

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Satisfaction of purpose restrictions	<u>\$ 419,647</u>	<u>\$ 743,153</u>

INTERNATIONAL RELIEF TEAMS

Notes to Financial Statements

June 30, 2021 and 2020

7. LEASE COMMITMENTS

The Organization leases office space for its operations, this lease expires in October 2021. The lease calls for monthly payments of \$6,421.

Future minimum lease commitments are:

Year ended June 30, 2021	<u>\$ 25,700</u>
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8. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash operating activities include:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Donated services recorded as revenue and expense	<u>\$ -</u>	<u>\$ 21,646</u>
Donated medical supplies recorded as revenue and expense	<u>\$ 47,220,339</u>	<u>\$ 43,020,901</u>
Donated supplies recorded as revenue and expense	<u>\$ 280,435</u>	<u>\$ -</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 \$62,949 and \$57,348 to the plan for the years ended June 30, 2021 and 2020, respectively.

INTERNATIONAL RELIEF TEAMS
Notes to Financial Statements
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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’s operations and donations have been 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 future contributions, expenses and financial position at this time.

Subsequent events were evaluated through October 12, 2021, which is the date the financial statements were available to be issued.