

**INTERNATIONAL RELIEF TEAMS**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

# INTERNATIONAL RELIEF TEAMS

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## **INDEPENDENT AUDITOR'S REPORT**

January 18, 2023

Board of Directors  
**International Relief Teams**  
San Diego, California

### **Opinion**

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, 2022 and 2021, and the related statements of activities and cash flows for the years 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, 2022, 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 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.

### **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 International Relief Teams' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

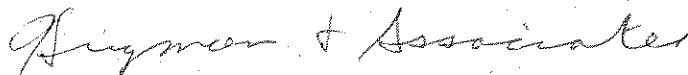
## **Auditor's Responsibilities for the Audit of the Financial Statements**

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 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 International Relief Teams' 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 International Relief Teams' 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.



**HINZMAN & ASSOCIATES**  
A Professional Corporation  
Certified Public Accountants

**INTERNATIONAL RELIEF TEAMS**  
**Statement of Financial Position**  
**June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Assets:</b>		
Cash and cash equivalents	\$ 3,573,302	\$ 3,253,771
Accounts receivable	7,235	4,705
Prepaid expenses and deposits	11,812	10,029
Endowment fund earnings	683,253	610,847
Investments	2,996,369	2,170,751
Property and equipment, net	14,294	15,062
Investments restricted for permanent endowment	<u>420,247</u>	<u>410,247</u>
Total assets	<u><u>\$ 7,706,512</u></u>	<u><u>\$ 6,475,412</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 93,745	\$ 104,622
Deferred rent	<u>-</u>	<u>461</u>
Total liabilities	<u>93,745</u>	<u>105,083</u>
<b>Net Assets:</b>		
Without donor restrictions	6,011,114	5,227,229
With donor restrictions	<u>1,601,653</u>	<u>1,143,100</u>
Total net assets	<u>7,612,767</u>	<u>6,370,329</u>
Total liabilities and net assets	<u><u>\$ 7,706,512</u></u>	<u><u>\$ 6,475,412</u></u>

**INTERNATIONAL RELIEF TEAMS**  
**Statement of Activities**  
**For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Net Assets without Donor Restrictions</b>		
Revenue and public support:		
Public contributions	\$ 4,209,801	\$ 2,496,991
Grants	759,002	1,454,954
Gifts-in-kind	47,228,567	47,511,267
Fundraising - special events	134,893	156,380
Investment income (loss)	(4,767)	75,161
Total unrestricted revenues and public support	<u>52,327,496</u>	<u>51,694,753</u>
Net assets released from restrictions	<u>469,996</u>	<u>419,647</u>
Total revenue and public support	<u>52,797,492</u>	<u>52,114,400</u>
Expenses		
Program services:		
Disaster response	3,163,042	2,000,235
Building healthy communities	47,733,518	48,176,107
Total program services	<u>50,896,560</u>	<u>50,176,342</u>
Supporting services:		
General and administrative	797,505	488,988
Fundraising	319,542	233,302
Total supporting services	<u>1,117,047</u>	<u>722,290</u>
Total expenses	<u>52,013,607</u>	<u>50,898,632</u>
Other income		
Gain on refundable advance payable forgiveness	<u>-</u>	<u>253,194</u>
Increase (decrease) in net assets without donor restrictions	<u>783,885</u>	<u>1,468,962</u>
<b>Net Assets with Donor Restrictions</b>		
Donations received in advance of services provided	918,549	30,481
Endowment	10,000	10,000
Net assets released from restrictions		
- satisfied by payments	<u>(469,996)</u>	<u>(419,647)</u>
Inc. (dec.) in net assets with donor restrictions	<u>458,553</u>	<u>(379,166)</u>
Increase (decrease) in net assets	1,242,438	1,089,796
Net assets at beginning of year	<u>6,370,329</u>	<u>5,280,533</u>
Net assets at end of year	<u>\$ 7,612,767</u>	<u>\$ 6,370,329</u>

**INTERNATIONAL RELIEF TEAMS**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

	<b>Program Services</b>			<b>Supporting Services</b>		
	<b>Disaster Response</b>	<b>Building Healthy Communities</b>	<b>Total Program Services</b>	<b>General and Administrative</b>	<b>Fund Raising</b>	<b>Total Functional Expenses</b>
Salaries	\$ 81,460	\$ 170,388	\$ 251,848	\$ 509,247	\$ 145,923	\$ 907,018
Payroll taxes	5,767	12,081	17,848	35,321	10,320	63,489
Employee benefits	5,448	11,749	17,197	33,522	10,121	60,840
	<u>92,675</u>	<u>194,218</u>	<u>286,893</u>	<u>578,090</u>	<u>166,364</u>	<u>1,031,347</u>
Volunteer services	97,284	1,861	99,145	-	-	99,145
Medical supplies	138,543	46,742,429	46,880,972	-	-	46,880,972
Travel, meals and lodging	52,607	1,490	54,097	1,858	66	56,021
Donations to nonprofits	560,000	55,500	615,500	1,000	-	616,500
Rent	26,021	20,201	46,222	45,032	16,049	107,303
Other supplies	1,887,691	368,634	2,256,325	7,666	2,097	2,266,088
Telephone	939	1,901	2,840	5,144	1,519	9,503
Postage and shipping	6,012	43,164	49,176	3,594	10,653	63,423
Printing and video services	25	2,860	2,885	7,220	31,168	41,273
Special events	-	-	-	-	41,058	41,058
Business meetings	322	982	1,304	5,394	724	7,422
Utilities	729	1,446	2,175	3,975	1,110	7,260
Newsletter	-	-	-	-	-	-
Janitorial and security service	523	1,028	1,551	2,840	802	5,193
Insurance	1,493	1,653	3,146	5,448	1,690	10,284
Professional fees	7,735	128,028	135,763	122,750	36,436	294,949
Processing handling fees	3,150	154,000	157,150	-	-	157,150
Construction supplies	285,686	11,688	297,374	-	-	297,374
Equipment	157	333	490	1,464	233	2,187
Depreciation expense	925	1,023	1,948	3,374	1,046	6,368
Miscellaneous	525	1,079	1,604	2,656	8,527	12,787
	<u>\$ 3,163,042</u>	<u>\$ 47,733,518</u>	<u>\$ 50,896,560</u>	<u>\$ 797,505</u>	<u>\$ 319,542</u>	<u>\$ 52,013,607</u>

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

	<b>Program Services</b>			<b>Supporting Services</b>		
	<b>Disaster Response</b>	<b>Building Healthy Communities</b>	<b>Total Program Services</b>	<b>General and Administrative</b>	<b>Fund Raising</b>	<b>Total Functional Expenses</b>
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 Cash Flows**  
**For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash flow from Operating Activities</b>		
Increase (decrease) in net assets	\$ 1,242,438	\$ 1,089,796
Adjustments to reconcile increase (decrease) in net assets to net cash flow from operating activities:		
Depreciation	6,368	5,507
Contributions of investments for permanent endowment	(10,000)	(10,000)
Stock contributions	(166,330)	(405,325)
Gain on refundable advance payable forgiveness	-	(253,194)
Net unrealized and realized investment (gain) loss	123,611	32,414
Unrealized appreciation - endowment	(72,380)	(64,925)
Effect of change in:		
Accounts receivable	(2,530)	4,281
Prepaid expenses and deposits	(1,783)	(13)
Accounts payable and accrued expenses	(10,877)	30,783
Deferred rent	(461)	(4,101)
Net cash flow from operating activities	<u>1,108,056</u>	<u>425,223</u>
<b>Cash flow from Investing Activities</b>		
Purchase of property, plant and equipment	(5,600)	(656)
Purchase of securities	(1,449,500)	(754,132)
Proceeds from disposal of securities	666,575	1,253,149
Net cash flow from investing activities	<u>(788,525)</u>	<u>498,361</u>
<b>Cash flow from Financing Activities</b>		
Proceeds from refundable advance payable	-	126,672
Net cash flow from financing activities	<u>-</u>	<u>126,672</u>
Net increase (decrease) in cash	319,531	1,050,256
Cash, beginning of year	3,253,771	2,203,515
Cash, end of year	<u>\$ 3,573,302</u>	<u>\$ 3,253,771</u>

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

*Page 7*

# INTERNATIONAL RELIEF TEAMS

## Notes to Financial Statements

### June 30, 2022 and 2021

#### 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, 2022 and 2021**

#### **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. Numerous non-professional volunteers donate significant amounts of time to the Organization's fund-raising events and program services. However, the time contributed by non-professional volunteers is not tracked or recorded in the financial statements.

Likewise, Medicines for Children, the Organization's flagship 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, 2022 and 2021**

**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 \$46,804,429 and \$47,220,339 of medicines and medical supplies during the years ended June 30, 2022 and 2021, respectively, for processing fees of \$157,149 and \$174,134, respectively. The costs of transporting these medicines and medical supplies from the agencies to their final destinations totaled \$46,206 and \$42,600 during the years ended June 30, 2022 and 2021, 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, 2022 and 2021

#### 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, 2022 and 2021**

**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, 2022 and 2021, the Organization had \$4,221,400 and \$3,823,000, 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, 2022 and 2021

#### 2. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2022 and 2021:

Financial assets at year end:	June 30, 2022	June 30, 2021
Cash and cash equivalents	\$ 3,573,302	\$ 3,253,771
Accounts receivable	7,235	4,705
Endowment fund earnings	683,253	610,847
Investments	2,996,369	2,170,751
Total financial assets	<u>7,260,159</u>	<u>6,040,074</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>1,601,653</u>	<u>1,143,100</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,658,506</u>	<u>\$ 4,896,974</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1,196,000). 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, 2022	June 30, 2021
Office equipment	\$ 52,076	\$ 46,474
Medical equipment	23,613	23,613
Timeshare	8,000	8,000
Leasehold improvements	11,823	11,823
	95,512	89,910
Accumulated depreciation	(81,218)	(74,848)
	<u>\$ 14,294</u>	<u>\$ 15,062</u>

# **INTERNATIONAL RELIEF TEAMS**

## **Notes to Financial Statements**

### **June 30, 2022 and 2021**

#### **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, 2022 and 2021

#### 4. FAIR VALUE MEASUREMENTS (continued)

The following is a summary of investments in brokerage accounts at June 30, 2022 and 2021:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Equity funds	\$ 676,195	\$ 755,180
Fixed income	2,320,174	1,415,571
	<u>\$ 2,996,369</u>	<u>\$ 2,170,751</u>

At June 30, 2022, all investments in brokerage accounts were considered level 1 investments.

Changes in the investment in limited partnership are identified below:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Beginning balance	\$ 1,021,094	\$ 946,169
Contribution to endowment	10,000	10,000
Total unrealized gain	72,406	64,925
Ending balance	<u>\$ 1,103,500</u>	<u>\$ 1,021,094</u>

Investment in limited partnership consists of:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Endowment fund earnings	\$ 683,253	\$ 610,847
Investment restricted for permanent endowment	420,247	410,247
	<u>\$ 1,103,500</u>	<u>\$ 1,021,094</u>

At June 30, 2022, all investments 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>2022</u>	<u>2021</u>
Interest and dividend income	\$ 46,464	\$ 42,650
Unrealized investment income - endowment	72,380	64,925
Unrealized and realized gain (loss)	(123,611)	(32,414)
	<u>\$ (4,767)</u>	<u>\$ 75,161</u>

# INTERNATIONAL RELIEF TEAMS

## Notes to Financial Statements

### June 30, 2022 and 2021

#### 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, 2022 and 2021:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Disaster response	\$ 908,720	\$ 469,996
Building healthy communities	272,686	262,857
Endowment	420,247	410,247
Total	<u>\$ 1,601,653</u>	<u>\$ 1,143,100</u>

Net assets without donor restrictions for the years ended June 30, 2022 and 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Undesignated	<u>\$ 6,011,114</u>	<u>\$ 5,227,229</u>

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Satisfaction of purpose restrictions	<u>\$ 469,996</u>	<u>\$ 419,647</u>

# INTERNATIONAL RELIEF TEAMS

## Notes to Financial Statements

### June 30, 2022 and 2021

#### 7. LEASE COMMITMENTS

The Organization leases office space for its operations, this lease expires in August 31, 2027. The lease calls for monthly payments of \$6,660 with an annual increase of 4%.

Future minimum lease commitments are:

Year ended June 30, 2023	\$ 59,900
2024	75,900
2025	83,100
2026	85,900
2027	86,400
Thereafter	89,300
	<u>\$ 480,500</u>

#### 8. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash operating activities include:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Donated services recorded as revenue and expense	<u>\$ -</u>	<u>\$ -</u>
Donated medical supplies recorded as revenue and expense	<u>\$ 46,804,429</u>	<u>\$ 47,220,339</u>
Donated supplies recorded as revenue and expense	<u>\$ 325,019</u>	<u>\$ 280,435</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 \$61,614 and \$62,949 to the plan for the years ended June 30, 2022 and 2021, respectively.

#### 10. SUBSEQUENT EVENT

Subsequent events were evaluated through January 18, 2023, which is the date the financial statements were available to be issued.