

International Relief Teams
Financial Statements
Years Ended June 30, 2025 and 2024

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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 statements of financial position as of June 30, 2025, and 2024 and the related statements of activities and changes in net assets, functional expenses 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 positions of International Relief Teams as of June 30, 2025, and 2024, 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.

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, 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 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.

JGD & Associates, LLP

San Diego, California
September 18, 2025

**International Relief Teams
Statements of Financial Position
June 30, 2025 and 2024**

Assets

	2025	2024
Current assets:		
Cash and cash equivalents	\$ 764,965	\$ 1,626,037
Accounts receivable, net	122,382	70,000
Prepays expenses and deposits	140,480	98,604
Total current assets	1,027,827	1,794,641
Noncurrent assets:		
Inventory	244,175	-
Investments (Note 4)	4,263,476	4,087,190
Investments restricted for permanent endowment (Note 4)	1,574,642	1,447,784
Property and equipment, net (Note 3)	39,359	34,096
Right-of-use assets, net	162,738	237,848
Total noncurrent assets	6,284,390	5,806,918
Total assets	\$ 7,312,217	\$ 7,601,559

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 51,471	\$ 72,097
Accrued expenses	80,222	77,734
Current portion of operating lease liability (Note 5)	82,975	76,210
Deferred revenue	-	38,000
Total current liabilities	214,668	264,041
Operating lease liability, net of current portion (Note 5)	105,671	188,646
Total liabilities	320,339	452,687
Commitments and contingencies (Note 7 and 8)		
Net assets:		
Without donor restrictions		
Undesignated	5,887,754	5,872,227
With donor restrictions (Note 5)		
Perpetual in nature	580,665	570,665
Purpose restrictions	523,459	705,980
	1,104,124	1,276,645
Total net assets	6,991,878	7,148,872
Total liabilities and net assets	\$ 7,312,217	\$ 7,601,559

International Relief Teams
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Public contributions	\$ 3,410,078	\$ 1,134,025	\$ 4,544,103
In-kind contributions	43,974,511	-	43,974,511
Investment income, net	289,654	116,857	406,511
Net assets released from restrictions	<u>1,423,403</u>	<u>(1,423,403)</u>	<u>-</u>
 Total revenue and support	 <u>49,097,646</u>	 <u>(172,521)</u>	 <u>48,925,125</u>
 Expenses:			
Program services:			
Disaster response	2,799,363	-	2,799,363
Building healthy communities	<u>44,836,266</u>	<u>-</u>	<u>44,836,266</u>
Total program services:	<u>47,635,629</u>	<u>-</u>	<u>47,635,629</u>
Supporting services:			
Management and general	996,641	-	996,641
Fundraising	<u>449,849</u>	<u>-</u>	<u>449,849</u>
Total supporting services:	<u>1,446,490</u>	<u>-</u>	<u>1,446,490</u>
 Total expenses	 <u>49,082,119</u>	 <u>-</u>	 <u>49,082,119</u>
Change in net assets	15,527	(172,521)	(156,994)
Net assets, beginning	<u>5,872,227</u>	<u>1,276,645</u>	<u>7,148,872</u>
Net assets, ending	<u>\$ 5,887,754</u>	<u>\$ 1,104,124</u>	<u>\$ 6,991,878</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	<u>1,125,074</u>	<u>(1,125,074)</u>	<u>-</u>
Total revenue and support	<u>50,174,778</u>	<u>(130,191)</u>	<u>50,044,587</u>
Expenses:			
Program services:			
Disaster response	1,154,235	-	1,154,235
Building healthy communities	<u>47,529,923</u>	<u>-</u>	<u>47,529,923</u>
Total program services:	<u>48,684,158</u>	<u>-</u>	<u>48,684,158</u>
Supporting services:			
Management and general	628,256	-	628,256
Fundraising	<u>535,843</u>	<u>-</u>	<u>535,843</u>
Total supporting services:	<u>1,164,099</u>	<u>-</u>	<u>1,164,099</u>
Total expenses	<u>49,848,257</u>	<u>-</u>	<u>49,848,257</u>
Change in net assets	326,521	(130,191)	196,330
Net assets, beginning	<u>5,545,706</u>	<u>1,406,836</u>	<u>6,952,542</u>
Net assets, ending	<u>\$ 5,872,227</u>	<u>\$ 1,276,645</u>	<u>\$ 7,148,872</u>

**International Relief Teams
Statement of Functional Expenses
Year Ended June 30, 2025**

	Program Services		Supporting Services		Total
	Disaster Response	Building Healthy Communities	Management and General	Fundraising	
Donated medical supplies	\$ -	\$ 43,974,511	\$ -	\$ -	\$ 43,974,511
Donations to nonprofits	2,512,833	207,400	-	-	2,720,233
Salaries	128,840	212,003	618,885	66,379	1,026,107
Supplies and equipment	79,629	314,308	3,356	360	397,654
Marketing and advertising	118	216	-	223,736	224,070
Occupancy	27,193	46,644	130,623	14,010	218,470
Professional fees	26,277	43,526	126,223	13,538	209,564
Special events	-	-	-	119,218	119,218
Payroll taxes	11,602	17,853	55,732	5,978	61,709
Bank fees	5,967	9,182	28,664	3,074	31,739
Employee benefits	4,771	7,341	22,917	2,458	25,375
Depreciation	1,216	1,871	5,839	626	9,552
Taxes and licenses	917	1,410	4,403	472	7,202
Total expenses	\$ 2,799,363	\$ 44,836,266	\$ 996,641	\$ 449,849	\$ 1,446,490
					\$ 49,082,119

See accompanying notes to financial statements

**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	
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

**International Relief Teams
Statements of Cash Flows
Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ (156,994)	\$ 196,330
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	9,552	3,311
Amortization of right of use assets	75,110	75,110
Gain on sale of property and equipment	185	-
Net unrealized and realized investment gains	(189,184)	(119,618)
Unrealized appreciation - endowment	(126,858)	(121,041)
Changes in operating assets and liabilities:		
Accounts receivable	(52,382)	(70,000)
Deposits and prepaid expenses	(41,876)	(36,397)
Inventory	(244,175)	-
Operating lease liability	(73,722)	14,497
Accounts payable and accrued liabilities	(20,626)	(182,817)
Deferred revenue	<u>(38,000)</u>	<u>38,000</u>
Net cash used in operating activities	<u>(858,970)</u>	<u>(202,625)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(15,000)	(5,240)
Purchases of investments	(500,496)	(3,154,080)
Sale of investments	<u>513,394</u>	<u>2,361,624</u>
Net cash provided by (used in) investing activities	<u>(2,102)</u>	<u>(797,696)</u>
Net change in cash and cash equivalents	(861,072)	(1,000,321)
Cash and cash equivalents, beginning	<u>1,626,037</u>	<u>2,626,358</u>
Cash and cash equivalents, ending	<u>\$ 764,965</u>	<u>\$ 1,626,037</u>

International Relief Teams
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

Note 1 - Organization and summary of significant accounting policies

Nature of Activities

International Relief Teams (“IRT” or the “Organization”) 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 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”).

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:

	2025
Cash and cash equivalents	\$ 764,965
Accounts receivable	122,382
Investments	4,263,476
	<u>\$ 5,150,823</u>

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.

Inventory

Inventory supplies are held at a third-party location and valued at the lower of cost or replacement value. Cost is determined using the first-in, first-out (FIFO) method.

International Relief Teams
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

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, 2025 and 2024, 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

International Relief Teams
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

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.

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 IRT 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 \$43,974,511 and \$46,334,423 of medicines and medical supplies during the years ended June 30, 2025 and 2024, 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

International Relief Teams
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

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, 2025 and 2024, 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.

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.

Subsequent Events

Subsequent events have been evaluated through September 18, 2025, the date of the financial statements were available to be issued.

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, 2025, and 2024 there was \$470,234 and \$940,870, respectively, 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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Office and medical equipment	\$ 82,056	\$ 104,015
Leasehold improvements	9,773	21,596
	<u>91,829</u>	<u>125,611</u>
Less accumulated depreciation	<u>(52,470)</u>	<u>(91,515)</u>
Total	\$ <u>39,359</u>	\$ <u>34,096</u>

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 was \$9,552 and \$3,311 respectively.

International Relief Teams
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

Note 4 – Investments

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

2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 3,379,875	\$ -	\$ -	\$ 3,379,875
Exchange fund	883,601	-	-	883,601
Limited partnerships	-	1,574,642	-	1,574,642
Total	<u>\$ 4,263,476</u>	<u>\$ 1,574,642</u>	<u>\$ -</u>	<u>\$ 5,838,118</u>

2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 2,434,875	\$ -	\$ -	\$ 2,434,875
Exchange fund	745,235	-	-	745,235
Equities	907,080	-	-	907,080
Limited partnerships	-	1,447,784	-	1,447,784
Total	<u>\$ 4,087,190</u>	<u>\$ 1,447,784</u>	<u>\$ -</u>	<u>\$ 5,534,974</u>

The following table summarizes the gain (losses) on investments for the year ended June 30, 2025:

	<u>Without donor restrictions</u>	<u>Without donor restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 217,327	\$ -	\$ 217,327
Realized and unrealized gain	72,327	116,857	189,184
	<u>\$ 289,654</u>	<u>\$ 116,857</u>	<u>\$ 406,511</u>

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

	<u>Without donor restrictions</u>	<u>Without donor restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 188,963	\$ -	\$ 188,963
Realized and unrealized gain	52,875	111,041	163,916
	<u>\$ 241,838</u>	<u>\$ 111,041</u>	<u>\$ 352,879</u>

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 2025:

<u>Instrument</u>	<u>Fair value</u>	<u>Principal valuation technique</u>	<u>Unobservable inputs</u>	<u>Significant input values</u>	<u>Weighted average</u>
Endowment fund	\$ 1,574,642	Valuation of underlying assets as provided by trustee	Investment period (liquidity)	N/A	N/A

International Relief Teams
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

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

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, 2025 and 2024:

Programs - Restricted	6/30/2025	6/30/2024
Disaster Response	\$ 285,150	\$ 206,313
Building Healthy Communities	154,839	460,509
Board Pledge	83,470	39,158
Total Program Restrictions	<u>523,459</u>	<u>705,980</u>
Perpetual in nature	<u>580,665</u>	<u>570,665</u>
Total with donor restriction	<u>\$ 1,104,124</u>	<u>\$ 1,276,645</u>

Net assets were released from donor restrictions by incurring satisfying the restricted purpose or by occurrence of other events specified by the donors.

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, 2025:

	2025	2024
Right of use asset obtained in exchange for lease obligation:		
Operating leases	\$ 162,738	237,848
Weighted average remaining lease term		
Operating leases (in months)	26	38
Weighted average discount rate		
Operating leases	4.21%	4.21%

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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, 2025 are as follows:

2026	\$ 89,323
2027	92,896
2028	<u>15,583</u>
Total minimum lease payments	197,802
Amount of interest	(9,156)
Present value of lease liability	<u><u>\$ 188,646</u></u>

Note 7 – Endowment

The Organization's endowments consist individual funds established by donor restrictions. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has classified as donor restricted the fair value of donations restricted by donors to be held as endowments in perpetuity. As a result, donor restricted net assets include the fair value of the original and subsequent gifts made to the endowments fund, as well as accumulated earnings, and gains and losses related to endowment assets. In accordance with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and with generally accepted accounting principles, the Organization considers that this policy together with its annual budget approval process, constitutes its decision to appropriate those funds for expenditure.

Net earnings (realized and unrealized) on the investment of assets are classified as donor restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor.

With regard to endowment losses or appropriations in excess of the fair value of the original gift, in accordance with FASB ASC No. 958-320, Investments – Debt and Equity Securities, the portion of a donor restricted endowment that is held in perpetuity is not reduced by losses on the investments of the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the Organization to hold in perpetuity.

In the absence of donor stipulations or law to the contrary, losses or appropriations of donor restricted endowments reduce donor restricted net assets to the extent that donor-imposed restrictions on net appreciation of the funds have been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces net assets without donor restrictions.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

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Changes in endowment net assets for the years ended June 30, 2025 and 2024, were as follows:

		Total
Balance at June 30, 2024	\$	1,447,784
Contributions		10,000
Net realized and unrealized gains		116,858
Balance at June 30, 2025	\$	1,574,642
		Total
Balance at June 30, 2023	\$	1,326,743
Contributions		10,000
Net realized and unrealized gains		111,041
Balance at June 30, 2024	\$	1,447,784

Funds with Deficiencies

From time to time, the fair values of endowment assets may, due to unfavorable market fluctuations, fall below the level that donors require to be retained as a fund of perpetual duration. As of June 30, 2025 there were no such declines in value below the amount of the original endowments.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Organization must hold in perpetuity or for donor specified periods. Under this policy the endowment assets are invested in a manner that preserves and protects its assets by earning a total return appropriate for each fund's time horizon, liquidity needs and risk tolerance.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization 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 2025, the maximum spending rate 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.

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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.