

**GLOBAL AIDS INTERFAITH ALLIANCE
AND AFFILIATE**

REPORT ON AUDIT OF COMBINED FINANCIAL STATEMENTS

for the year ended December 31, 2011
(with summarized comparative information for 2010)

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

C O N T E N T S

	Page
Independent Auditors' Report	1
Financial Statements:	
Combined Statement of Financial Position	2
Combined Statement of Activities and Changes in Net Assets	3
Combined Statement of Functional Expenses	4
Combined Statement of Cash Flows	5
Notes to Combined Financial Statements	6-13
Supplementary Information:	
Combining Schedule of Financial Position	14
Combining Schedule of Activities and Change in Net Assets	15
Combining Schedule of Functional Expenses	16

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Global AIDS Interfaith Alliance and Affiliate

We have audited the accompanying combined statement of financial position of Global AIDS Interfaith Alliance and Affiliate as of December 31, 2011, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These combined financial statements are the responsibility of Global AIDS Interfaith Alliance and Affiliate's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of the combined affiliate, which statements reflect total assets constituting 24% of the related combined financial statements totals as of December 31, 2011, and expenses constituting approximately 56% of the related combined financial statements totals for the year then ended. This entity is listed in Note 1 of the financial statements (under organization). Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the affiliate, is based solely on the reports of other auditors. The prior year summarized comparative information has been derived from Global AIDS Interfaith Alliance and Affiliate's financial statements and, in our report dated June 20, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Global AIDS Interfaith Alliance and Affiliate as of December 31, 2011, and the combined results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining information in the supplementary information on pages 14 to 16 is presented for purposes of additional analysis, and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to the affiliate is based on the report of other auditors, the information is fairly stated in all material respects in relation to the combined financial statements as whole.

Burr Pilger Mayer, Inc.

San Francisco, California
August 15, 2012

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE
COMBINED STATEMENT OF FINANCIAL POSITION

December 31, 2011

(with summarized comparative information for December 31, 2010)

	2011	2010
ASSETS		
Cash	\$ 1,223,467	\$ 1,708,429
Pledges receivable, net	1,053,229	404,250
Other receivables	147,911	48,739
Property and equipment, net	556,063	517,206
Total assets	\$ 2,980,670	\$ 2,678,624
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 53,598	\$ 11,406
Accrued expenses	11,865	18,031
Deferred revenue	15,399	11,672
Total liabilities	80,862	41,109
Net assets:		
Unrestricted–undesignated	792,850	637,532
Unrestricted–designated	337,923	288,968
Total unrestricted	1,130,773	926,500
Temporarily restricted	1,769,035	1,711,015
Total net assets	2,899,808	2,637,515
Total liabilities and net assets	\$ 2,980,670	\$ 2,678,624

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

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
for the year ended December 31, 2011
(with summarized comparative information for the year ended December 31, 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	
Revenues:				
Contributions	\$ 489,092	\$ 1,972,737	\$ 2,461,829	\$ 1,987,736
Special events revenue, net of expenses of \$89,846	546,766	-	546,766	589,157
Grants	348,845	-	348,845	35,356
Other income	137,020	-	137,020	66,666
Net asset released from restrictions	1,864,696	(1,864,696)	-	-
 Total revenues	 3,386,419	 108,041	 3,494,460	 2,678,915
Expenses:				
Program services	2,715,621	-	2,715,621	1,980,777
Management and general	124,653	-	124,653	166,753
Fundraising	391,893	-	391,893	214,520
 Total expenses	 3,232,167	 -	 3,232,167	 2,362,050
 Change in net assets before reclassification	 154,252	 108,041	 262,293	 316,865
Reclassified at the donor's request	50,021	(50,021)	-	-
 Change in net assets	 204,273	 58,020	 262,293	 316,865
Net assets, beginning of year	926,500	1,711,015	2,637,515	2,320,650
Net assets, end of year	\$ 1,130,773	\$ 1,769,035	\$ 2,899,808	\$ 2,637,515

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

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

for the year ended December 31, 2011

(with summarized comparative information for the year ended December 31, 2010)

	2011								
	Program Services				Total	Management and General	Fundraising	Combined	2010
	Villages Intervention	Mobile Health Clinics	Nursing Education	Other Programs					
Salaries	\$ 356,459	\$ 91,502	\$ 162,334	\$ 79,529	\$ 689,824	\$ 71,129	\$ 226,319	\$ 987,272	\$ 764,300
Benefits	64,172	18,758	21,175	14,686	118,791	6,106	19,429	144,326	101,251
Payroll taxes	11,093	2,182	7,298	2,355	22,928	4,671	14,861	42,460	41,273
Program support	756,129	98,227	390,608	139,220	1,384,184	1,485	-	1,385,669	884,524
Professional services	43,404	8,524	29,129	9,744	90,801	16,645	52,957	160,403	67,527
Rent	22,431	7,535	13,380	5,200	48,546	5,707	18,159	72,412	59,439
Materials and publications	7,088	1,394	4,663	1,505	14,650	2,984	9,496	27,130	28,443
Fundraising events	-	-	-	-	-	-	-	-	23,200
Travel	12,293	1,809	6,934	1,904	22,940	3,775	12,010	38,725	73,568
Insurance	1,758	1,376	1,156	373	4,663	740	2,354	7,757	7,450
Office supplies	15,806	3,991	7,914	4,561	32,272	3,082	9,805	45,159	35,363
Postage and delivery	3,047	599	2,004	647	6,297	1,283	4,082	11,662	11,548
Meals and other expenses	13,326	7,922	8,669	2,803	32,720	1,190	3,789	37,699	50,143
Vehicle insurance and fuel	25,802	5,003	16,734	5,400	52,939	-	-	52,939	-
Equipment	6,290	-	2,041	-	8,331	-	-	8,331	2,950
Info technology/web site	5,767	2,406	3,776	1,218	13,167	1,577	5,019	19,763	17,356
Telephone	16,034	2,912	4,070	3,898	26,914	665	2,116	29,695	18,440
Repair and renovation	674	131	437	141	1,383	-	-	1,383	27,280
Depreciation	60,996	11,827	39,561	13,328	125,712	107	340	126,159	105,598
Taxes, licenses, and fees	5,727	1,121	3,748	2,152	12,748	1,582	5,032	19,362	1,176
Loan loss charged for the year	-	-	-	2,793	2,793	-	-	2,793	17,115
Loss on disposal of property and equipment	-	-	-	-	-	-	-	-	10,897
Foreign exchange (gain) loss	(3,135)	(608)	(2,033)	(656)	(6,432)	-	-	(6,432)	13,209
Bad debt	4,573	899	3,007	971	9,450	1,925	6,125	17,500	-
Total expenses	\$ 1,429,734	\$ 267,510	\$ 726,605	\$ 291,772	\$ 2,715,621	\$ 124,653	\$ 391,893	\$ 3,232,167	\$ 2,362,050

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

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINED STATEMENT OF CASH FLOWS

for the year ended December 31, 2011

(with summarized comparative information for the year ended December 31, 2010)

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 262,293	\$ 316,865
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Discount on pledges receivable	83,121	-
Loss on sale of equipment	-	10,897
Loan loss charged for the year	2,793	17,115
Foreign exchange loss	-	13,209
Depreciation expense	126,159	105,598
Donated investments	(33,853)	(60,298)
Changes in operating assets and liabilities:		
Pledges receivable	(732,100)	(26,175)
Other receivables	(101,965)	(20,105)
Accounts payable	42,192	4,246
Accrued expenses	(6,166)	1,413
Deferred revenue	3,727	11,672
	(353,799)	374,437
Net cash (used in) provided by operating activities		
Cash flows from investing activities:		
Proceeds from short-term investments	-	100,000
Proceeds from sale of investments	33,853	60,298
Purchase of property and equipment	(165,016)	(152,550)
	(131,163)	7,748
Net cash (used in) provided by investing activities		
Net (decrease) increase in cash	(484,962)	382,185
Cash, beginning of year	1,708,429	1,326,244
Cash, end of year	\$ 1,223,467	\$ 1,708,429

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

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

1. General

Organization

Global AIDS Interfaith Alliance (GAIA US) is a nonprofit corporation that was formed on June 12, 2000. GAIA's mission is to provide basic health services, targeting prevention, care, and support in communities affected by HIV, AIDS, TB, and malaria in Africa.

Global AIDS Interfaith Alliance Malawi (GAIA Malawi), an affiliate of GAIA US, is a charitable organization that was incorporated during March 2006. It is a Trust and a member of Council for Non-Governmental Organizations in Malawi (CONGOMA). The main objectives are developing village level referral networks, providing home based support, providing HIV prevention to school youth, providing assistance and care to orphans, and providing economic support to women through income generating activities.

The primary sources of revenue are from contributions, grants, and special events.

Program Services

Villages Intervention

Orphan Care—Identifying and registering AIDS orphans in the villages where GAIA works. Orphans are provided with food, vitamins, clothing, blankets, school supplies, and soap.

Orphan Education—Granting high school scholarships to orphaned youth, particularly girls, who would otherwise be unable to attend school.

Home Based Care—Teaching rural villagers to identify neighbors, family and friends who might be HIV positive and encourage them to be tested. Home Based Care (HBC) patients are provided with food, simple medicines, and care.

Youth HIV Prevention—Creating comprehensive workshops for youth that teach them how HIV is spread and treated, thereby increasing knowledge and reducing HIV stigma.

Bed Nets—Distributing anti-mosquito bed nets in Malawi's rural villages to help prevent malaria. The program focuses on those who are most vulnerable: children under the age of five and pregnant women.

Nursing Education

Nursing Scholarships—Providing three- and four year-long nursing scholarships to young women, many of whom are AIDS orphans. The scholarships greatly assist vulnerable young women in pursuing a degree in nursing and help strengthen Malawi's nursing corps.

In-Service Nursing Training—training of approximately 400 in-service nurses in the following: emergency obstetrical care that saves the lives of women and infants; basic triage skills to help government clinics and hospitals function more effectively and efficiently; and antiretroviral therapy (ART) to improve treatment for HIV-positive Malawians.

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

1. General, continued

Program Services, continued

Mobile Health Clinics

Providing integrated healthcare services including same-day HIV testing, prenatal care, assessing children under the age of five for malnutrition, as well as diagnosing and treating malaria, and testing for and treating tuberculosis.

Other Programs

Supporting a variety of small-scale program interventions, including microfinance (providing business loans to women), orphan secondary school fees, the Namunda school project, and a variety of Malawian CBO programs.

2. Summary of Significant Accounting Policies

Combined Financial Statements

The combined financial statements include the accounts of GAIA US and GAIA Malawi, an affiliate of GAIA US. All significant intercompany transactions and balances are eliminated in the combination. GAIA US and GAIA Malawi are collectively referred to as GAIA.

Basis of Presentation

The combined financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States (GAAP). Grants are recognized as support when earned in accordance with the terms of each grant or agreement. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, GAIA's net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Board Designated—Board designated net assets of \$337,923 consist of unrestricted funds that are to be used for future use in operations in accordance with a board approved plan of action. Of the \$337,923, \$250,000 is reserved for future emergency operating needs. The remaining \$87,923 is designated by the Board for miscellaneous projects to be performed in Malawi.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that will be met, either by actions of GAIA and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Basis of Presentation, continued

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that must be maintained permanently by GAIA. GAIA did not have any permanently restricted net assets at December 31, 2011.

Translation of Foreign Currency Financial Statements

GAIA's reporting currency is the U.S. dollar. The functional currency of GAIA Malawi is their local currency and, as such, amounts included in the combined statements of activities are translated at the weighted average exchange rates for the period. Monetary assets and liabilities are translated at year-end exchange rates while nonmonetary assets and liabilities are translated using historical rates. Resulting foreign exchange translation adjustments are recorded as income or expense.

Foreign Currency Transactions

Monetary assets and liabilities denominated in currencies other than the functional currency are remeasured into their respective functional currencies at exchange rates in effect at the statement of financial position date. The resulting exchange gain or loss is included in GAIA's combined statement of activities as foreign exchange (gain) loss, net.

Pledges Receivable

Unconditional promises to give (pledges receivable) from donors are recognized as revenues in the period notified. Pledges receivable are reported net of an allowance for doubtful accounts. The allowance is based on experience and other circumstances which may affect the ability of donors to meet their obligations. Pledges receivable that are expected to be collected in excess of one year are recorded at the net present value of their estimated future cash flows.

Property and Equipment

The cost of assets aggregating over \$5,000 is capitalized in the statement of financial position. Property and equipment are stated at cost and depreciation is computed on the straight-line basis of accounting over the estimated useful lives of the assets. Estimated useful lives are as follows:

Building	50 years
Motor vehicles and motor cycles	5 years
Office furniture and equipment	3 years
Computer equipment	3 years

Accrued Expenses

Accumulated unpaid employee vacation benefits are recognized as accrued expenses.

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Deferred Revenue

Deferred revenue is recognized when cash advances exceed revenues earned against such advances.

Revenue Recognition

Contributions, including unconditional promises to give and special events income, are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-kind Contributions

Noncash donations are recorded as contributions at fair value at the date of donation. Donated services are only recognized as in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by GAIA. During the year ended December 31, 2011, GAIA recognized \$87,875 of noncash donations received for legal services performed on pro-bono basis. This has been recorded in other income and expenses on the statement of activities.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and revenue and expenses, as well as contingent assets and liabilities during the reporting periods. Actual results could differ from those estimates.

Summarized Financial Information

The combined financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with GAIA's combined financial statements as of and for the year ended December 31, 2010, from which the summarized information was derived.

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Concentration of Credit Risk

Cash

GAIA maintains its bank accounts at various high quality financial institutions to minimize credit risk; however, GAIA balances may at times exceed federal deposit insurance limits.

Pledges Receivable

As of December 31, 2011, one donor made up 78% of total net pledges receivable.

Fair Value of Financial Instruments

GAIA's financial instruments are cash, pledges receivable, and other receivables and accounts payable. For these financial instruments, carrying values approximate fair value.

3. Income Taxes

The Internal Revenue Service has determined that GAIA US is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. GAIA is also exempt from California franchise taxes under Section 23701d of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. In addition, GAIA US has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 501(a) of the Code. GAIA follows accounting guidance for uncertain tax positions. In management's opinion there are no uncertain tax positions for the year ended December 31, 2011.

4. Pledges Receivable

Pledges receivable at December 31, 2011 are as follows:

2012	\$	288,550
2013		127,000
2014		115,800
2015		110,000
2016		105,000
Thereafter		<u>400,000</u>
Total pledges receivable		1,146,350
Less discount		(83,121)
Less allowance for uncollectible pledges		<u>(10,000)</u>
Pledges receivable, net	\$	<u><u>1,053,229</u></u>

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

5. Property and Equipment

Property and equipment as of December 31, 2011 are as follows:

Land and building	\$ 175,386
Motor vehicles and motor cycles	660,102
Office furniture and equipment	9,162
Computer equipment	<u>66,451</u>
Total	911,101
Less accumulated depreciation	<u>(355,038)</u>
Property and equipment, net	<u>\$ 556,063</u>

Depreciation expense was \$126,159 for the year ended December 31, 2011.

6. Net Assets

Temporarily restricted net assets are held for the following purposes at December 31, 2011:

Time restriction	\$ 1,086,879
Purpose restrictions:	
MGC Villages and Mobile Health Clinic	449,702
MGC Villages–St. Luke’s Villages	67,243
Micro-Loans	81,180
WWRankin Scholarship Fund	41,500
Hospital and Clinic Benefit	39,146
Namunda School	2,835
Bednets	<u>550</u>
Total temporarily restricted net assets	<u>\$ 1,769,035</u>

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

6. Net Assets, continued

Net assets were released from donor restrictions by satisfying the conditions for the following restricted purposes during the year ended December 31, 2011:

Time restriction	\$ 115,000
Purpose restrictions:	
MGC Villages and Mobile Health Clinic	1,150,921
MGC Villages–St. Luke’s Villages	17,025
Mobile Health Clinics	193,650
Nursing Scholarship and Training	158,470
Namunda School	86,226
Bednets	48,590
Micro-loans	41,260
Hospital and Clinic Benefit	17,862
Orphan Care and Small Grants for Higher Education	15,452
Goats	11,680
Partnerships	8,560
	<u>8,560</u>
Total released from restriction	<u>\$ 1,864,696</u>

7. Lease Commitments

GAIA US leases its facility under a noncancelable operating lease expiring October 2015. Lease terms call for escalating lease payments each year ranging from \$6,869 to \$8,037 per month over the course of the four years.

GAIA Board General Counsel’s law firm subleases part of the Larkspur, CA office space. The law firm pays the same rent per square footage of space as GAIA.

Minimum future rental payments and income under this noncancelable operating lease for each of the next four years and in the aggregate are as follows:

	Total Rental Expense	Rental Income	Net Rental Expense
Year ended December 31:			
2012	\$ 83,523	\$ 23,386	\$ 60,137
2013	86,862	24,321	62,541
2014	90,344	25,296	65,048
2015	77,894	21,810	56,084
	<u>\$ 338,623</u>	<u>\$ 94,813</u>	<u>\$ 243,810</u>
Total	<u>\$ 338,623</u>	<u>\$ 94,813</u>	<u>\$ 243,810</u>

In December 2010, GAIA entered into a lease agreement for an office space in Pasadena, CA with monthly lease payments of \$900. This lease expired in January 2012 and was not renewed. Rental expense was \$68,450 and sublease income was \$18,992 for the year ended December 31, 2011.

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

8. Nursing Scholarship Commitments

GAIA Malawi's intent is to provide three- and four-year scholarships to nursing students and has granted scholarships through 2015. Estimated future scholarship commitments are as follows:

Year ending December 31:	
2012	\$ 234,000
2013	184,600
2014	123,500
2015	<u>67,600</u>
	<u>\$ 609,700</u>

9. Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through August 15, 2012, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2011 that require recognition or disclosure in such financial statements.

SUPPLEMENTARY INFORMATION

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE
COMBINING SCHEDULE OF FINANCIAL POSITION

December 31, 2011

	<u>United States</u>	<u>Malawi</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS				
Cash	\$ 1,084,981	\$ 138,486	\$ -	\$ 1,223,467
Pledges receivable, net	1,053,229	-	-	1,053,229
Other receivables	123,525	24,386	-	147,911
Property and equipment, net	<u>8,590</u>	<u>547,473</u>	<u>-</u>	<u>556,063</u>
Total assets	<u><u>\$ 2,270,325</u></u>	<u><u>\$ 710,345</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,980,670</u></u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 46,993	\$ 6,605	\$ -	\$ 53,598
Accrued expenses	11,865	-	-	11,865
Deferred revenue	<u>15,399</u>	<u>-</u>	<u>-</u>	<u>15,399</u>
Total liabilities	<u>74,257</u>	<u>6,605</u>	<u>-</u>	<u>80,862</u>
Net assets:				
Unrestricted–undesignated	177,033	615,817	-	792,850
Unrestricted–designated	<u>250,000</u>	<u>87,923</u>	<u>-</u>	<u>337,923</u>
Total unrestricted	427,033	703,740	-	1,130,773
Temporarily restricted	<u>1,769,035</u>	<u>-</u>	<u>-</u>	<u>1,769,035</u>
Total net assets	<u>2,196,068</u>	<u>703,740</u>	<u>-</u>	<u>2,899,808</u>
Total liabilities and net assets	<u><u>\$ 2,270,325</u></u>	<u><u>\$ 710,345</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,980,670</u></u>

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

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE
COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
for the year ended December 31, 2011

	United States			Malawi	Eliminations	Combined		
	Unrestricted	Temporarily Restricted	Subtotal	Unrestricted	Unrestricted	Unrestricted	Temporarily Restricted	Total
Revenues:								
Contributions	\$ 489,092	\$ 1,972,737	\$ 2,461,829	\$ 1,743,336	\$ (1,743,336)	\$ 489,092	\$ 1,972,737	\$ 2,461,829
Special events revenue, net of expenses of \$89,846	546,766	-	546,766	-	-	546,766	-	546,766
Grants	246,791	-	246,791	102,054	-	348,845	-	348,845
Other income	116,139	-	116,139	20,881	-	137,020	-	137,020
Net asset released from restrictions	1,864,696	(1,864,696)	-	-	-	1,864,696	(1,864,696)	-
Total revenues	3,263,484	108,041	3,371,525	1,866,271	(1,743,336)	3,386,419	108,041	3,494,460
Expenses:								
Program services	2,628,184	-	2,628,184	1,830,773	(1,743,336)	2,715,621	-	2,715,621
Management and general	124,653	-	124,653	-	-	124,653	-	124,653
Fundraising	391,893	-	391,893	-	-	391,893	-	391,893
Total expenses	3,144,730	-	3,144,730	1,830,773	(1,743,336)	3,232,167	-	3,232,167
Change in net assets before reclassification	118,754	108,041	226,795	35,498	-	154,252	108,041	262,293
Reclassified at the donor's request	50,021	(50,021)	-	-	-	50,021	(50,021)	-
Change in net assets	168,775	58,020	226,795	35,498	-	204,273	58,020	262,293
Net assets, beginning of year	258,258	1,711,015	1,969,273	668,242	-	926,500	1,711,015	2,637,515
Net assets, end of year	\$ 427,033	\$ 1,769,035	\$ 2,196,068	\$ 703,740	\$ -	\$ 1,130,773	\$ 1,769,035	\$ 2,899,808

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

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINING SCHEDULE OF FUNCTIONAL EXPENSES

for the year ended December 31, 2011

	United States				Malawi		Combined			
	Program Services	Management and General	Fundraising	Subtotal	Program Services	Eliminations	Program Services	Management and General	Fundraising	Total
Salaries	\$ 349,178	\$ 71,129	\$ 226,319	\$ 646,626	\$ 340,646	\$ -	\$ 689,824	\$ 71,129	\$ 226,319	\$ 987,272
Benefits	29,976	6,106	19,429	55,511	88,815	-	118,791	6,106	19,429	144,326
Payroll taxes	22,928	4,671	14,861	42,460	-	-	22,928	4,671	14,861	42,460
Program support	2,023,550	1,485	-	2,025,035	1,103,970	(1,743,336)	1,384,184	1,485	-	1,385,669
Professional services	81,703	16,645	52,957	151,305	9,098	-	90,801	16,645	52,957	160,403
Rent	28,016	5,707	18,159	51,882	20,530	-	48,546	5,707	18,159	72,412
Materials and publications	14,650	2,984	9,496	27,130	-	-	14,650	2,984	9,496	27,130
Fundraising events	-	-	-	-	-	-	-	-	-	-
Travel	18,530	3,775	12,010	34,315	4,410	-	22,940	3,775	12,010	38,725
Insurance	3,633	740	2,354	6,727	1,030	-	4,663	740	2,354	7,757
Office supplies	15,127	3,082	9,805	28,014	17,145	-	32,272	3,082	9,805	45,159
Postage and delivery	6,297	1,283	4,082	11,662	-	-	6,297	1,283	4,082	11,662
Meals and other expenses	5,848	1,190	3,789	10,827	26,872	-	32,720	1,190	3,789	37,699
Vehicle insurance and fuel	-	-	-	-	52,939	-	52,939	-	-	52,939
Equipment	-	-	-	-	8,331	-	8,331	-	-	8,331
Info technology/web site	7,743	1,577	5,019	14,339	5,424	-	13,167	1,577	5,019	19,763
Telephone	3,264	665	2,116	6,045	23,650	-	26,914	665	2,116	29,695
Repair and renovation	-	-	-	-	1,383	-	1,383	-	-	1,383
Depreciation	525	107	340	972	125,187	-	125,712	107	340	126,159
Taxes, licenses, and fees	7,765	1,582	5,032	14,379	4,983	-	12,748	1,582	5,032	19,362
Loan loss charged for the year	-	-	-	-	2,793	-	2,793	-	-	2,793
Loss on disposal of property and equipment	-	-	-	-	-	-	-	-	-	-
Foreign exchange (gain) loss	-	-	-	-	(6,432)	-	(6,432)	-	-	(6,432)
Bad debt	9,450	1,925	6,125	17,500	-	-	9,450	1,925	6,125	17,500
Total expenses	\$ 2,628,183	\$ 124,653	\$ 391,893	\$ 3,144,729	\$ 1,830,774	\$ (1,743,336)	\$ 2,715,621	\$ 124,653	\$ 391,893	\$ 3,232,167

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