

**GLOBAL AIDS INTERFAITH ALLIANCE
AND AFFILIATE**

COMBINED FINANCIAL STATEMENTS

December 31, 2013
(with summarized financial information for 2012)

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

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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, 2013, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of Global AIDS Interfaith Alliance Malawi (GAIA Malawi) (the combined affiliate), which statements reflect total assets constituting 20% of the related combined financial statements totals as of December 31, 2013, and expenses constituting approximately 53% of the related combined financial statements totals for the year then ended. 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 GAIA Malawi, is based solely on the reports of other auditors. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, 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, 2013, 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.

Report on Summarized Comparative Information

We have previously audited Global AIDS Interfaith Alliance's 2012 combined financial statements, and our report dated August 6, 2013, expressed an unmodified opinion on those audited combined financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining schedules on pages 16 to 18 are 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, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Sam Pilger Mayes, Inc.

Santa Rosa, California
July 14, 2014

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINED STATEMENT OF FINANCIAL POSITION

December 31, 2013

(with summarized financial information for December 31, 2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 1,423,007	\$ 1,056,725
Restricted cash	654,192	942,046
Pledges receivable, net	670,907	800,647
Grants receivable	-	49,006
Other assets	56,276	17,942
Property and equipment, net	<u>562,728</u>	<u>484,000</u>
Total assets	<u><u>\$ 3,367,110</u></u>	<u><u>\$ 3,350,366</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 22,330	\$ 22,848
Accrued expenses	44,639	29,995
Deferred revenue	20,000	-
Agency fund held for Namunda School	<u>654,192</u>	<u>942,046</u>
Total liabilities	<u>741,161</u>	<u>994,889</u>
Net assets:		
Unrestricted:		
Undesignated	214,736	325,658
Board-designated	266,322	268,687
Property and equipment	<u>562,728</u>	<u>484,000</u>
Total unrestricted	1,043,786	1,078,345
Temporarily restricted	<u>1,582,163</u>	<u>1,277,132</u>
Total net assets	<u>2,625,949</u>	<u>2,355,477</u>
Total liabilities and net assets	<u><u>\$ 3,367,110</u></u>	<u><u>\$ 3,350,366</u></u>

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, 2013
(with summarized financial information for the year ended December 31, 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	
Revenues:				
Contributions	\$ 928,977	\$ 509,755	\$ 1,438,732	\$ 1,177,600
Special events revenue, net of expenses of \$54,117	224,888	-	224,888	356,033
Government grant	707,928	-	707,928	432,795
Major grants	-	619,655	619,655	337,727
In-kind	67,050	-	67,050	82,158
Other income	88,673	-	88,673	38,326
Net asset released from restrictions	824,379	(824,379)	-	-
Total revenues	2,841,895	305,031	3,146,926	2,424,639
Expenses:				
Program services	2,387,750	-	2,387,750	2,479,983
Management and general	185,193	-	185,193	178,527
Fundraising	303,511	-	303,511	310,460
Total expenses	2,876,454	-	2,876,454	2,968,970
Change in net assets	(34,559)	305,031	270,472	(544,331)
Net assets, beginning of year	1,078,345	1,277,132	2,355,477	2,899,808
Net assets, end of year	\$ 1,043,786	\$ 1,582,163	\$ 2,625,949	\$ 2,355,477

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, 2013

(with summarized financial information for the year ended December 31, 2012)

	2013								
	Program Services					Management		Combined	2012
	Villages	Mobile	Nursing	Other	Total	and General	Fundraising		
	Intervention	Health Clinics	Education	Programs					
Salaries	\$ 297,070	\$ 227,221	\$ 152,576	\$ 16,264	\$ 693,131	\$ 101,686	\$ 142,366	\$ 937,183	\$ 987,979
Payroll taxes	12,586	8,837	4,284	1,071	26,778	7,984	11,250	46,012	48,838
Employee benefits	40,011	30,013	31,048	1,861	102,933	8,165	13,837	124,935	128,187
Care kits	79,807	-	-	-	79,807	-	-	79,807	135,611
Community care givers stipends	81,023	-	-	-	81,023	-	-	81,023	106,500
Education and training	5,139	-	89,659	-	94,798	63	-	94,861	103,939
Health care supplies	-	75,921	-	-	75,921	-	-	75,921	108,323
Nursing scholarships	-	-	314,743	-	314,743	-	-	314,743	184,481
Professional services	61,073	42,673	43,044	5,209	151,999	18,332	65,473	235,804	225,613
Program support	77,097	45,557	140,176	7,009	269,839	12,163	-	282,002	252,346
School fees and supplies	9,431	-	-	-	9,431	-	-	9,431	15,791
Small grants	-	-	-	30,000	30,000	-	-	30,000	30,000
Tuition	-	-	44,492	-	44,492	-	-	44,492	60,274
Vehicle and motorcycle expenses	21,560	37,135	23,856	689	83,240	-	-	83,240	107,192
Baseline survey	13,147	-	-	854	14,001	-	-	14,001	18,189
Info technology/website	6,473	4,545	2,204	551	13,773	2,033	3,162	18,968	12,261
Insurance	1,595	2,108	543	136	4,382	1,131	1,760	7,273	7,599
Materials and publications	8,058	5,657	2,743	686	17,144	5,715	8,889	31,748	26,799
Meals, meetings, and monitoring	3,834	1,680	4,109	218	9,841	7,700	473	18,014	35,006
Office supplies and administrative	4,645	6,201	8,953	357	20,156	1,400	5,532	27,088	25,781
Other	8,437	1,451	2,997	36,588	49,473	-	-	49,473	70,594
Postage and delivery	779	547	265	66	1,657	429	8,670	10,756	9,885
Rent, utilities and security	22,394	19,136	15,528	1,716	58,774	11,738	18,259	88,771	88,456
Small equipment and repairs	1,181	6,853	21,621	89	29,744	-	-	29,744	5,116
Taxes, licenses and fees	1,299	794	2,018	117	4,228	166	9,373	13,767	18,655
Telephone, cell phone and internet	10,009	5,509	5,076	302	20,896	495	771	22,162	23,676
Travel	1,986	775	14,788	80	17,629	1,882	7,301	26,812	7,518
Bad debts	4,873	3,421	1,659	415	10,368	3,456	5,376	19,200	28,901
Depreciation	25,386	17,836	7,911	173	51,306	655	1,019	52,980	83,163
Foreign exchange loss	1,784	1,054	3,243	162	6,243	-	-	6,243	12,297
Total expenses	\$ 800,677	\$ 544,924	\$ 937,536	\$ 104,613	\$ 2,387,750	\$ 185,193	\$ 303,511	\$ 2,876,454	\$ 2,968,970

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, 2013

(with summarized financial information for the year ended December 31, 2012)

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 270,472	\$ (544,331)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Discount on pledges receivable	(14,760)	(15,373)
Bad debt expense	19,200	28,901
Gain on sale of equipment	-	4,890
Depreciation expense	52,980	83,163
Restricted cash	287,854	(942,046)
Changes in operating assets and liabilities:		
Pledges receivable	125,300	239,054
Grants receivable	49,006	98,905
Other assets	(38,334)	(17,942)
Accounts payable	(518)	(30,750)
Accrued expenses	14,644	18,130
Deferred revenue	20,000	(15,399)
Agency fund held for Namunda School	(287,854)	942,046
Net cash provided by (used in) operating activities	497,990	(150,752)
Cash flows from investing activities:		
Purchase of property and equipment	(131,708)	(15,990)
Net cash used in investing activities	(131,708)	(15,990)
Net increase (decrease) in cash	366,282	(166,742)
Cash, beginning of year	1,056,725	1,223,467
Cash, end of year	\$ 1,423,007	\$ 1,056,725
Non-cash operating activities:		
Contributed securities	\$ 97,342	\$ 42,997
In-kind contributions of services	\$ 65,000	\$ 81,250

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

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2013

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

December 31, 2013

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 orphan secondary school fees, 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 (U.S. 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 \$266,322 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 \$266,322, \$250,000 is reserved for future emergency operating needs. The remaining \$16,322 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. GAIA treats temporarily restricted net assets, which GAIA receives and meets donor time or purpose restrictions in the same year, as unrestricted net assets.

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2013

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, 2013.

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 expenses 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 contributions in the period notified. Pledges receivable are reported net of an allowance for uncollectible 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. The discounts on these amounts are computed using risk-free rates applicable to the number of years the contribution is expected to remain outstanding (the discount rates used at December 31, 2013 are between .25% and 2%).

Property and Equipment

The cost of assets aggregating over \$1,500 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:

Buildings	50 years
Vehicles and motorcycles	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

December 31, 2013

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, 2013, GAIA recognized \$65,000 of noncash donations received for legal services performed on pro-bono basis.

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 financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with GAIA's combined financial statements as of and for the year ended December 31, 2012, from which the summarized financial information was derived.

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2013

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, 2013, one donor made up 97% of total net pledges receivable.

Contributions

As of December 31, 2013, a government grant made up 22% of total revenues, and a major grant made up 20% of total revenues.

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.

Reclassifications

Certain items in the prior-year summarized financial information have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

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, 2013. The GAIA US federal and state returns for 2010 forward are subject to examination.

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GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2013

4. Pledges Receivable

Pledges receivable at December 31, 2013 are as follows:

2014	\$ 121,895
2015	107,000
2016	102,000
2017	100,000
2018	100,000
Thereafter	<u>200,000</u>
Total pledges receivable	730,895
Less discount to present value	(52,988)
Less allowance for uncollectible pledges	<u>(7,000)</u>
Pledges receivable, net	<u><u>\$ 670,907</u></u>

5. Property and Equipment

Property and equipment as of December 31, 2013 are as follows:

Land and buildings	\$ 204,894
Vehicles and motorcycles	754,233
Office furniture and equipment	26,362
Computer equipment	<u>48,384</u>
Total	1,033,873
Less accumulated depreciation	<u>(471,145)</u>
Property and equipment, net	<u><u>\$ 562,728</u></u>

Depreciation expense was \$52,980 for the year ended December 31, 2013 .

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2013

6. Agency Transaction

On August 7, 2012, GAIA entered into a Cooperative Agreement with The Hamels Foundation (the Foundation) for the development of the Mulanjue Government Full Primary School in Namunda Village, Malawi. The Hamels Foundation is a 501(c)(3) non-profit corporation. The School will be built on Malawian government property and will not be owned by GAIA or the Foundation. GAIA has agreed to administer the design and construction of the School and the Foundation has agreed to fund the design of the School and enter into construction contracts for the School's construction. GAIA has set up a segregated bank account into which the Foundation deposits funds for GAIA's use for the payment of design, construction, administration and other costs including a fee. GAIA has appointed the Malawi Country Director to manage the School's design and construction. According to the agreement, \$1,000,000 was deposited into a separate GAIA bank account during 2012, and \$216,000 was deposited in 2013. These transactions have been recorded as an agency transaction in accordance with accounting standards. As of December 31, 2013, the remaining balance of \$654,192 is shown as restricted cash and agency funds held for Namunda School on the combined statement of financial position. The Foundation pays GAIA a management fee of \$7,000 per month. Total fees paid to GAIA during 2013 were \$84,000, which is included in other income on the combined statement of activities and changes in net assets.

7. Net Assets

Temporarily restricted net assets are held for the following purposes at December 31, 2013:

Time restriction	\$ 659,907
Purpose restrictions:	
Hospital and Clinic Benefit	37,922
MGC 2 - Nursing expansion and Mobile Health Clinics	411,728
Mobile Health Clinics 2012	429,106
WWRankin Scholarship Fund	43,500
	<hr/>
Total temporarily restricted net assets	<u>\$ 1,582,163</u>

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2013

7. Net Assets, continued

Net assets were released from donor restrictions by satisfying the conditions of time and for the following restricted purposes during the year ended December 31, 2013:

Time restriction	\$ 118,740
Purpose restrictions:	
Hospital and Clinic Benefit	16,786
Medical Warehouse	17,000
Micro-Loans	16,939
MGC 1 - Villages and Mobile Health Clinic	8,500
MGC 2 - Nursing and Mobile Health Clinic	202,477
MGC Villages - St. Luke's Villages	33,300
Mobile Health Clinics 2012	410,137
WW Rankin Scholarship Fund	<u>500</u>
Total released from restriction	<u>\$ 824,379</u>

8. Retirement Plan

GAIA, at the discretion of the Board of Directors, contributes matching retirement monies of up to 3% of compensation to Individual Retirement Accounts (IRAs) for all employees who have an IRA. The percentage to be contributed is determined by the board on an annual basis. Contributions of \$17,577 were expensed for the year ended December 31, 2013.

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GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2013

9. 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:			
2014	\$ 90,344	\$ 25,296	\$ 65,048
2015	77,894	21,810	56,084
Total	<u>\$ 168,238</u>	<u>\$ 47,106</u>	<u>\$ 121,132</u>

Rental expense under these agreements was \$86,862 and sublease income was \$24,321 for the year ended December 31, 2013.

10. Nursing Scholarships

GAIA Malawi's intent is to provide three- and four-year scholarships to nursing students and has conditionally granted scholarships through 2017. Estimated future scholarship commitments, if all conditions were to be met, are as follows:

Year ending December 31:	
2014	\$ 329,000
2015	278,750
2016	53,000
2017	23,000
	<u>\$ 683,750</u>

11. Subsequent Events

In preparing these combined financial statements, management has evaluated events and transactions for potential recognition or disclosure through July 14, 2014, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2013 that require recognition or disclosure in such financial statements.

SUPPLEMENTARY INFORMATION

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE
COMBINING SCHEDULE OF FINANCIAL POSITION

December 31, 2013

ASSETS	<u>United States</u>	<u>Malawi</u>	<u>Eliminations</u>	<u>Combined</u>
Cash	\$ 1,294,924	\$ 128,083	\$ -	\$ 1,423,007
Restricted cash	654,192	-	-	654,192
Pledges receivable, net	670,907	-	-	670,907
Other assets	56,276	-	-	56,276
Property and equipment, net	<u>2,746</u>	<u>559,982</u>	<u>-</u>	<u>562,728</u>
Total assets	<u>\$ 2,679,045</u>	<u>\$ 688,065</u>	<u>\$ -</u>	<u>\$ 3,367,110</u>
 LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 22,330	\$ -	\$ -	\$ 22,330
Accrued expenses	44,639	-	-	44,639
Deferred income	20,000	-	-	20,000
Agency fund held for Namunda School	<u>654,192</u>	<u>-</u>	<u>-</u>	<u>654,192</u>
Total liabilities	<u>741,161</u>	<u>-</u>	<u>-</u>	<u>741,161</u>
Net assets:				
Unrestricted:				
Undesignated	102,975	111,761	-	214,736
Board-designated	250,000	16,322	-	266,322
Property and equipment	<u>2,746</u>	<u>559,982</u>	<u>-</u>	<u>562,728</u>
Total unrestricted	355,721	688,065	-	1,043,786
Temporarily restricted	<u>1,582,163</u>	<u>-</u>	<u>-</u>	<u>1,582,163</u>
Total net assets	<u>1,937,884</u>	<u>688,065</u>	<u>-</u>	<u>2,625,949</u>
Total liabilities and net assets	<u>\$ 2,679,045</u>	<u>\$ 688,065</u>	<u>\$ -</u>	<u>\$ 3,367,110</u>

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE
COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
for the year ended December 31, 2013

	United States			Malawi	Eliminations	Combined		
	Unrestricted	Temporarily Restricted	Subtotal	Unrestricted	Unrestricted	Unrestricted	Temporarily Restricted	Total
Revenues:								
Contributions	\$ 928,977	\$ 509,755	\$ 1,438,732	\$ 1,216,300	\$ (1,216,300)	\$ 928,977	\$ 509,755	\$ 1,438,732
Special events revenue, net of expenses of \$54,117	224,888	-	224,888	-	-	224,888	-	224,888
Government grant	377,135	-	377,135	330,793	-	707,928	-	707,928
Major grants	-	619,655	619,655	-	-	-	619,655	619,655
In-kind	67,050	-	67,050	-	-	67,050	-	67,050
Other income	84,237	-	84,237	4,436	-	88,673	-	88,673
Net asset released from restrictions	824,379	(824,379)	-	-	-	824,379	(824,379)	-
Total revenues	2,506,666	305,031	2,811,697	1,551,529	(1,216,300)	2,841,895	305,031	3,146,926
Expenses:								
Program services	2,111,823	-	2,111,823	1,492,227	(1,216,300)	2,387,750	-	2,387,750
Management and general	185,193	-	185,193	-	-	185,193	-	185,193
Fundraising	303,511	-	303,511	-	-	303,511	-	303,511
Total expenses	2,600,527	-	2,600,527	1,492,227	(1,216,300)	2,876,454	-	2,876,454
Change in net assets	(93,861)	305,031	211,170	59,302	-	(34,559)	305,031	270,472
Net assets, beginning of year	449,582	1,277,132	1,726,714	628,763	-	1,078,345	1,277,132	2,355,477
Net assets, end of year	<u>\$ 355,721</u>	<u>\$ 1,582,163</u>	<u>\$ 1,937,884</u>	<u>\$ 688,065</u>	<u>\$ -</u>	<u>\$ 1,043,786</u>	<u>\$ 1,582,163</u>	<u>\$ 2,625,949</u>

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINING SCHEDULE OF FUNCTIONAL EXPENSES

for the year ended December 31, 2013

	United States				Malawi		Combined			
	Program Services	Management and General	Fundraising	Subtotal	Program Services	Eliminations	Program Services	Management and General	Fundraising	Total
Salaries	\$ 349,485	\$ 101,686	\$ 142,366	\$ 593,537	\$ 343,646	\$ -	\$ 693,131	\$ 101,686	\$ 142,366	\$ 937,183
Payroll taxes	26,778	7,984	11,250	46,012	-	-	26,778	7,984	11,250	46,012
Employee benefits	31,349	8,165	13,837	53,351	71,584	-	102,933	8,165	13,837	124,935
Care kits	-	-	-	-	79,807	-	79,807	-	-	79,807
Community care givers stipends	-	-	-	-	81,023	-	81,023	-	-	81,023
Education and training	-	63	-	63	94,798	-	94,798	63	-	94,861
Health care supplies	-	-	-	-	75,921	-	75,921	-	-	75,921
Nursing scholarships	-	-	-	-	314,743	-	314,743	-	-	314,743
Professional services	125,968	18,332	65,473	209,773	26,031	-	151,999	18,332	65,473	235,804
Program support	1,486,139	12,163	-	1,498,302	-	(1,216,300)	269,839	12,163	-	282,002
School fees and supplies	-	-	-	-	9,431	-	9,431	-	-	9,431
Small grants	-	-	-	-	30,000	-	30,000	-	-	30,000
Tuition	-	-	-	-	44,492	-	44,492	-	-	44,492
Vehicle and motorcycle expenses	-	-	-	-	83,240	-	83,240	-	-	83,240
Baseline survey	-	-	-	-	14,001	-	14,001	-	-	14,001
Info technology/website	13,773	2,033	3,162	18,968	-	-	13,773	2,033	3,162	18,968
Insurance	3,394	1,131	1,760	6,285	988	-	4,382	1,131	1,760	7,273
Materials and publications	17,144	5,715	8,889	31,748	-	-	17,144	5,715	8,889	31,748
Meals, meetings, and monitoring	390	7,700	473	8,563	9,451	-	9,841	7,700	473	18,014
Office supplies	4,200	1,400	5,532	11,132	15,956	-	20,156	1,400	5,532	27,088
Other	-	-	-	-	49,473	-	49,473	-	-	49,473
Postage and delivery	1,657	429	8,670	10,756	-	-	1,657	429	8,670	10,756
Rent, utilities and security	35,215	11,738	18,259	65,212	23,559	-	58,774	11,738	18,259	88,771
Small equipment and repairs	-	-	-	-	29,744	-	29,744	-	-	29,744
Taxes, licenses and fees	496	166	9,373	10,035	3,732	-	4,228	166	9,373	13,767
Telephone, cell phone and internet	1,508	495	771	2,774	19,388	-	20,896	495	771	22,162
Travel	1,992	1,882	7,301	11,175	15,637	-	17,629	1,882	7,301	26,812
Bad debts	10,368	3,456	5,376	19,200	-	-	10,368	3,456	5,376	19,200
Depreciation	1,967	655	1,019	3,641	49,339	-	51,306	655	1,019	52,980
Foreign exchange loss	-	-	-	-	6,243	-	6,243	-	-	6,243
Total expenses	\$ 2,111,823	\$ 185,193	\$ 303,511	\$ 2,600,527	\$ 1,492,227	\$ (1,216,300)	\$ 2,387,750	\$ 185,193	\$ 303,511	\$ 2,876,454