

**GLOBAL AIDS INTERFAITH ALLIANCE
AND AFFILIATE**

COMBINED FINANCIAL STATEMENTS

December 31, 2014
(with summarized financial information for 2013)

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

C O N T E N T S

	Page
Independent Auditors' Report	1–2
Financial Statements:	
Combined Statement of Financial Position	3
Combined Statement of Activities and Changes in Net Assets	4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows	6
Notes to Combined Financial Statements	7–15
Supplementary Information:	
Combining Schedule of Financial Position	16
Combining Schedule of Activities and Changes in Net Assets	17
Combining Schedule of Functional Expenses	18

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, 2014, 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 24% of the related combined financial statements totals as of December 31, 2014, and expenses constituting approximately 55% 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, 2014, 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 2013 combined financial statements, and our report dated July 14, 2014, 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, 2013, 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.

Don Pilger Mayes, Inc.

Santa Rosa, California
September 1, 2015

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINED STATEMENT OF FINANCIAL POSITION

December 31, 2014

(with summarized financial information for December 31, 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 1,732,029	\$ 1,423,007
Restricted cash	-	654,192
Pledges receivable, net	567,084	670,907
Other assets	33,689	56,276
Property and equipment, net	<u>644,433</u>	<u>562,728</u>
Total assets	<u><u>\$ 2,977,235</u></u>	<u><u>\$ 3,367,110</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 59,613	\$ 22,330
Accrued expenses	24,795	44,639
Deferred revenue	31,000	20,000
Agency fund held for Namunda School	<u>-</u>	<u>654,192</u>
Total liabilities	<u>115,408</u>	<u>741,161</u>
Net assets:		
Unrestricted:		
Undesignated	44,683	214,736
Board-designated	569,371	266,322
Property and equipment	<u>644,433</u>	<u>562,728</u>
Total unrestricted	1,258,487	1,043,786
Temporarily restricted	<u>1,603,340</u>	<u>1,582,163</u>
Total net assets	<u>2,861,827</u>	<u>2,625,949</u>
Total liabilities and net assets	<u><u>\$ 2,977,235</u></u>	<u><u>\$ 3,367,110</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 CHANGES IN NET ASSETS

For the year ended December 31, 2014
(with summarized financial information for the year ended December 31, 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	
Revenues:				
Contributions	\$ 1,340,801	\$ 458,464	\$ 1,799,265	\$ 1,438,732
Special events revenue, net of expenses of \$47,295	298,479	-	298,479	224,888
Government grant	598,681	-	598,681	707,928
Major grants	-	613,786	613,786	619,655
In-kind	32,500	-	32,500	67,050
Other income	89,480	-	89,480	88,673
Net asset released from restrictions	1,051,073	(1,051,073)	-	-
 Total revenues	 3,411,014	 21,177	 3,432,191	 3,146,926
Expenses:				
Program services	2,676,172	-	2,676,172	2,387,750
Management and general	113,583	-	113,583	185,193
Fundraising	406,558	-	406,558	303,511
 Total expenses	 3,196,313	 -	 3,196,313	 2,876,454
 Change in net assets	 214,701	 21,177	 235,878	 270,472
Net assets, beginning of year	1,043,786	1,582,163	2,625,949	2,355,477
Net assets, end of year	<u>\$ 1,258,487</u>	<u>\$ 1,603,340</u>	<u>\$ 2,861,827</u>	<u>\$ 2,625,949</u>

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, 2014

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

	2014								2013
	Program Services				Total	Management and General	Fundraising	Combined	
	Villages Intervention	Mobile Health Clinics	Nursing Education	Other Programs					
Salaries	\$ 168,865	\$ 289,031	\$ 210,439	\$ 86,936	\$ 755,271	\$ 63,709	\$ 213,113	\$ 1,032,093	\$ 937,183
Payroll taxes	4,866	7,426	7,426	5,890	25,608	4,845	15,284	45,737	46,012
Employee benefits	25,147	42,265	35,281	9,827	112,520	7,928	18,130	138,578	124,935
Care kits	65,769	-	-	-	65,769	-	-	65,769	79,807
Community care givers stipends	70,535	-	-	-	70,535	-	-	70,535	81,023
Education and training	9,177	-	53,664	-	62,841	322	2,472	65,635	94,861
Health care supplies	-	160,709	-	-	160,709	-	-	160,709	75,921
Nursing scholarships	-	-	252,697	-	252,697	-	-	252,697	314,743
Professional services	33,912	51,016	75,868	40,069	200,865	12,075	69,570	282,510	235,804
Program support	52,739	80,496	80,496	63,842	277,573	(284)	10,721	288,010	282,002
School fees and supplies	8,662	-	-	44,564	53,226	-	-	53,226	9,431
Small grants	-	-	-	-	-	-	-	-	30,000
Tuition	-	-	32,980	-	32,980	-	-	32,980	44,492
Vehicle and motorcycle expenses	19,738	74,511	34,786	9,768	138,803	-	-	138,803	83,240
Baseline survey	7,515	-	-	13,237	20,752	-	-	20,752	14,001
Info technology/website	2,442	3,728	3,728	2,956	12,854	2,563	4,649	20,066	18,968
Insurance	644	1,509	983	779	3,915	703	2,301	6,919	7,273
Materials and publications	2,058	3,141	3,141	2,491	10,831	2,248	7,356	20,435	31,748
Meals, meetings, and monitoring	4,568	7,541	6,091	2,480	20,680	9,132	3,553	33,365	18,014
Namunda School expenses	-	-	-	127,953	127,953	-	-	127,953	-
Needs assessment	22,167	-	-	-	22,167	-	-	22,167	1,232
Office supplies and administrative	3,945	9,779	9,376	2,742	25,842	1,484	6,982	34,308	27,088
Other	7,669	3,634	8,377	35,196	54,876	100	-	54,976	48,241
Postage and delivery	6	9	9	7	31	33	4,876	4,940	10,756
Rent, utilities and security	10,982	19,417	16,334	9,369	56,102	7,551	24,712	88,365	88,771
Small equipment and repairs	-	6,469	-	-	6,469	-	-	6,469	29,744
Taxes, licenses and fees	1,030	1,005	2,628	498	5,161	50	12,731	17,942	13,767
Telephone, cell phone and internet	7,097	8,713	4,618	1,056	21,484	285	933	22,702	22,162
Travel	2,469	1,121	20,431	733	24,754	537	8,187	33,478	26,812
Bad debts	-	-	-	-	-	-	-	-	19,200
Depreciation	13,744	33,345	7,822	757	55,668	302	988	56,958	52,980
Foreign exchange (gain) loss	(553)	(525)	(1,437)	(249)	(2,764)	-	-	(2,764)	6,243
Total expenses	\$ 545,193	\$ 804,340	\$ 865,738	\$ 460,901	\$ 2,676,172	\$ 113,583	\$ 406,558	\$ 3,196,313	\$ 2,876,454

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, 2014
(with summarized financial information for the year ended December 31, 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 235,878	\$ 270,472
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Discount on pledges receivable	(15,072)	(14,760)
Bad debt expense (recovery)	(2,000)	19,200
Depreciation expense	56,958	52,980
Restricted cash	654,192	287,854
Changes in operating assets and liabilities:		
Pledges receivable	120,895	125,300
Grants receivable	-	49,006
Other assets	22,587	(38,334)
Accounts payable	37,283	(518)
Accrued expenses	(19,844)	14,644
Deferred revenue	11,000	20,000
Agency fund held for Namunda School	<u>(654,192)</u>	<u>(287,854)</u>
Net cash provided by operating activities	<u>447,685</u>	<u>497,990</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(138,663)</u>	<u>(131,708)</u>
Net cash used in investing activities	<u>(138,663)</u>	<u>(131,708)</u>
Net increase in cash and cash equivalents	309,022	366,282
Cash and cash equivalents, beginning of year	<u>1,423,007</u>	<u>1,056,725</u>
Cash and cash equivalents, end of year	<u>\$ 1,732,029</u>	<u>\$ 1,423,007</u>
Non-cash operating activities:		
Contributed securities	<u>\$ 89,235</u>	<u>\$ 97,342</u>
In-kind contributions of services	<u>\$ -</u>	<u>\$ 65,000</u>

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, 2014

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, 2014

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 \$569,371 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 \$569,371, \$250,000 is reserved for future emergency operating needs, \$305,285 is reserved for Namunda School construction, and the remaining \$14,086 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, 2014

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, 2014.

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.

Cash and Cash Equivalents

GAIA considers certificates of deposit with a maturity of three months or less to be cash equivalents.

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 rate used at December 31, 2014 is 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

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014

2. Summary of Significant Accounting Policies, continued

Accrued Expenses

Accumulated unpaid employee vacation benefits are recognized as accrued expenses.

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, 2014, GAIA recognized \$32,500 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, 2013, from which the summarized financial information was derived.

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014

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, 2014, one donor made up 99% of total net pledges receivable.

Revenues

For the year ended December 31, 2014, a government grant comprised of 17% of total revenues, a major grant comprised of 16% of total revenues and contributions from one donor comprised of 14% 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.

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.

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014

4. Pledges Receivable

Pledges receivable at December 31, 2014 are as follows:

2015	\$ 108,000
2016	102,000
2017	100,000
2018	100,000
2019	100,000
Thereafter	<u>100,000</u>
Total pledges receivable	610,000
Less discount to present value	(37,916)
Less allowance for uncollectible pledges	<u>(5,000)</u>
Pledges receivable, net	<u><u>\$ 567,084</u></u>

5. Property and Equipment

Property and equipment as of December 31, 2014 are as follows:

Vehicles and motorcycles	\$ 882,288
Land and buildings	204,894
Computer equipment	57,799
Office furniture and equipment	<u>27,557</u>
Total	1,172,538
Less accumulated depreciation	<u>(528,105)</u>
Property and equipment, net	<u><u>\$ 644,433</u></u>

Depreciation expense was \$56,958 for the year ended December 31, 2014.

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014

6. Agency Transaction

On August 7, 2012, GAIA entered into a Cooperative Agreement with The Hamels Foundation (the "Foundation") for the development of the Mulanje 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, \$216,000 during 2013 and \$300,000 during 2014. These transactions have been recorded as an agency transaction in accordance with accounting standards. The Foundation paid GAIA a management fee of \$7,000 per month during 2014. Total fees paid to GAIA during 2014 were \$84,000, which is included in other income on the combined statement of activities and changes in net assets. Effective December 31, 2014, the Cooperative Agreement was terminated, unspent funds of \$305,285 were contributed to GAIA by the Foundation and the board designated the funds for the completion of the school.

7. Net Assets

Temporarily restricted net assets are held for the following purposes at December 31, 2014:

Time restriction	\$ 567,084
Purpose restrictions:	
Mobile Health Clinics 2012	460,655
MGC 2 - Nursing expansion and Mobile Health Clinics	460,392
Hospital and Clinic Benefit	37,922
Education and Advocation	24,582
WWRankin Scholarship Fund	22,305
Mulanje Office Building	20,000
Male Testing and Education Campaign	10,400
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Total temporarily restricted net assets	\$ 1,603,340

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, 2014:

Time restriction	\$ 92,823
Purpose restrictions:	
Mobile Health Clinics 2012	536,237
MGC 2 - Nursing and Mobile Health Clinic	375,400
Education and Advocation	25,418
WW Rankin Scholarship Fund	21,195
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Total released from restriction	\$ 1,051,073

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014

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. The contribution for the year ended December 31, 2014 was \$18,095.

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 \$7,727 to \$8,037 per month through October 2015.

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, 2015	\$ 77,894	\$ 21,810	\$ 56,084

Rental expense under these agreements was \$90,344 and sublease income was \$25,296 for the year ended December 31, 2014.

10. Nursing Scholarships

GAIA Malawi’s intent is to provide three- and four-year scholarships to nursing students and has conditionally granted scholarships through 2018. Estimated future scholarship commitments, if all conditions were to be met, are as follows:

Year ending December 31:	
2015	\$ 358,930
2016	99,832
2017	51,742
2018	19,056
	<u>\$ 529,560</u>

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GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014

11. Subsequent Events

In preparing these combined financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 1, 2015, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2014 that require recognition or disclosure in such financial statements.

SUPPLEMENTARY INFORMATION

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINING SCHEDULE OF FINANCIAL POSITION

December 31, 2014

	<u>United States</u>	<u>Malawi</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS				
Cash and cash equivalents	\$ 1,652,991	\$ 79,038	\$ -	\$ 1,732,029
Pledges receivable, net	567,084	-	-	567,084
Other assets	33,689	-	-	33,689
Property and equipment, net	<u>-</u>	<u>644,433</u>	<u>-</u>	<u>644,433</u>
 Total assets	 <u>\$ 2,253,764</u>	 <u>\$ 723,471</u>	 <u>\$ -</u>	 <u>\$ 2,977,235</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 59,613	\$ -	\$ -	\$ 59,613
Accrued expenses	24,795	-	-	24,795
Deferred income	<u>31,000</u>	<u>-</u>	<u>-</u>	<u>31,000</u>
 Total liabilities	 <u>115,408</u>	 <u>-</u>	 <u>-</u>	 <u>115,408</u>
Net assets:				
Unrestricted:				
Undesignated	(20,269)	64,952	-	44,683
Board-designated	555,285	14,086	-	569,371
Property and equipment	<u>-</u>	<u>644,433</u>	<u>-</u>	<u>644,433</u>
 Total unrestricted	 535,016	 723,471	 -	 1,258,487
Temporarily restricted	<u>1,603,340</u>	<u>-</u>	<u>-</u>	<u>1,603,340</u>
 Total net assets	 <u>2,138,356</u>	 <u>723,471</u>	 <u>-</u>	 <u>2,861,827</u>
 Total liabilities and net assets	 <u>\$ 2,253,764</u>	 <u>\$ 723,471</u>	 <u>\$ -</u>	 <u>\$ 2,977,235</u>

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE
COMBINING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2014

	United States			Malawi	Eliminations	Combined		
	Unrestricted	Temporarily Restricted	Subtotal	Unrestricted	Unrestricted	Unrestricted	Temporarily Restricted	Total
Revenues:								
Contributions	\$ 1,340,801	\$ 458,464	\$ 1,799,265	\$ 1,584,316	\$ (1,584,316)	\$ 1,340,801	\$ 458,464	\$ 1,799,265
Special events revenue, net of expenses of \$47,295	298,479	-	298,479	-	-	298,479	-	298,479
Government grant	405,941	-	405,941	192,740	-	598,681	-	598,681
Major grants	-	613,786	613,786	-	-	-	613,786	613,786
In-kind	32,500	-	32,500	-	-	32,500	-	32,500
Other income	87,131	-	87,131	2,349	-	89,480	-	89,480
Net asset released from restrictions	1,051,073	(1,051,073)	-	-	-	1,051,073	(1,051,073)	-
Total revenues	3,215,925	21,177	3,237,102	1,779,405	(1,584,316)	3,411,014	21,177	3,432,191
Expenses:								
Program services	2,516,489	-	2,516,489	1,743,999	(1,584,316)	2,676,172	-	2,676,172
Management and general	113,583	-	113,583	-	-	113,583	-	113,583
Fundraising	406,558	-	406,558	-	-	406,558	-	406,558
Total expenses	3,036,630	-	3,036,630	1,743,999	(1,584,316)	3,196,313	-	3,196,313
Change in net assets	179,295	21,177	200,472	35,406	-	214,701	21,177	235,878
Net assets, beginning of year	355,721	1,582,163	1,937,884	688,065	-	1,043,786	1,582,163	2,625,949
Net assets, end of year	\$ 535,016	\$ 1,603,340	\$ 2,138,356	\$ 723,471	\$ -	\$ 1,258,487	\$ 1,603,340	\$ 2,861,827

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINING SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended December 31, 2014

	United States				Malawi		Combined			
	Program Services	Management and General	Fundraising	Subtotal	Program Services	Eliminations	Program Services	Management and General	Fundraising	Total
Salaries	\$ 338,666	\$ 63,709	\$ 213,113	\$ 615,488	\$ 416,605	\$ -	\$ 755,271	\$ 63,709	\$ 213,113	\$ 1,032,093
Payroll taxes	25,608	4,845	15,284	45,737	-	-	25,608	4,845	15,284	45,737
Employee benefits	32,327	7,928	18,130	58,385	80,193	-	112,520	7,928	18,130	138,578
Care kits	-	-	-	-	65,769	-	65,769	-	-	65,769
Community care givers stipends	-	-	-	-	70,535	-	70,535	-	-	70,535
Education and training	-	322	2,472	2,794	62,841	-	62,841	322	2,472	65,635
Health care supplies	-	-	-	-	160,709	-	160,709	-	-	160,709
Nursing scholarships	-	-	-	-	252,697	-	252,697	-	-	252,697
Professional services	171,682	12,075	69,570	253,327	29,183	-	200,865	12,075	69,570	282,510
Program support	1,861,889	(284)	10,721	1,872,326	-	(1,584,316)	277,573	(284)	10,721	288,010
School fees and supplies	-	-	-	-	53,226	-	53,226	-	-	53,226
Tuition	-	-	-	-	32,980	-	32,980	-	-	32,980
Vehicle and motorcycle expenses	-	-	-	-	138,803	-	138,803	-	-	138,803
Baseline survey	-	-	-	-	20,752	-	20,752	-	-	20,752
Info technology/website	12,854	2,563	4,649	20,066	-	-	12,854	2,563	4,649	20,066
Insurance	3,389	703	2,301	6,393	526	-	3,915	703	2,301	6,919
Materials and publications	10,831	2,248	7,356	20,435	-	-	10,831	2,248	7,356	20,435
Meals, meetings and monitoring	7,931	9,132	3,553	20,616	12,749	-	20,680	9,132	3,553	33,365
Namunda School expenses	-	-	-	-	127,953	-	127,953	-	-	127,953
Needs assessment	-	-	-	-	22,167	-	22,167	-	-	22,167
Office supplies	8,586	1,484	6,982	17,052	17,255	-	25,841	1,484	6,982	34,307
Other	-	100	-	100	54,876	-	54,876	100	-	54,976
Postage and delivery	31	33	4,876	4,940	-	-	31	33	4,876	4,940
Rent, utilities and security	36,383	7,551	24,712	68,646	19,719	-	56,102	7,551	24,712	88,365
Small equipment and repairs	-	-	-	-	6,469	-	6,469	-	-	6,469
Taxes, licenses and fees	241	50	12,731	13,022	4,920	-	5,161	50	12,731	17,942
Telephone, cell phone and internet	1,427	285	933	2,645	20,057	-	21,484	285	933	22,702
Travel	3,189	537	8,187	11,913	21,565	-	24,754	537	8,187	33,478
Bad debts	-	-	-	-	-	-	-	-	-	-
Depreciation	1,455	302	988	2,745	54,213	-	55,668	302	988	56,958
Foreign exchange loss	-	-	-	-	(2,763)	-	(2,763)	-	-	(2,763)
Total expenses	\$ 2,516,489	\$ 113,583	\$ 406,558	\$ 3,036,630	\$ 1,743,999	\$ (1,584,316)	\$ 2,676,172	\$ 113,583	\$ 406,558	\$ 3,196,313