

**GLOBAL AIDS INTERFAITH ALLIANCE
AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

December 31, 2015

(with summarized financial information for 2014)

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 financial statements of Global AIDS Interfaith Alliance and Affiliate (a nonprofit organization), which comprise the combined statement of financial position as of December 31, 2015, 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 combined 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 29% of the related combined financial statements totals as of December 31, 2015, and expenses constituting approximately 64% 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 report 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 combined 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, 2015, 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 2014 combined financial statements, and our report dated September 1, 2015, 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, 2014, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Report on Supplementary Information

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 15 to 17 are presented for purposes of additional analysis, and are 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.

Bum Pilger Mayes, Inc.

Santa Rosa, California
September 28, 2016

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE**COMBINED STATEMENT OF FINANCIAL POSITION**

December 31, 2015

(with summarized financial information for December 31, 2014)

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 1,144,152	\$ 1,732,029
Restricted cash equivalent	250,000	-
Pledges receivable, net	477,297	567,084
Major grants receivable	290,539	-
Other assets	17,219	33,689
Property and equipment, net	<u>648,156</u>	<u>644,433</u>
Total assets	<u>\$ 2,827,363</u>	<u>\$ 2,977,235</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 25,875	\$ 59,613
Accrued expenses	30,078	24,795
Deferred revenue	<u>-</u>	<u>31,000</u>
Total liabilities	<u>55,953</u>	<u>115,408</u>
Net assets:		
Unrestricted:		
Undesignated	103,329	44,683
Board-designated	260,461	569,371
Property and equipment	<u>648,156</u>	<u>644,433</u>
Total unrestricted	1,011,946	1,258,487
Temporarily restricted	1,509,464	1,603,340
Permanently restricted	<u>250,000</u>	<u>-</u>
Total net assets	<u>2,771,410</u>	<u>2,861,827</u>
Total liabilities and net assets	<u>\$ 2,827,363</u>	<u>\$ 2,977,235</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, 2015
(with summarized financial information for the year ended December 31, 2014)

	2015			Total	2014
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Revenues:					
Contributions	\$ 1,280,206	\$ 360,900	\$ 250,000	\$ 1,891,106	\$ 1,799,265
Special events revenue, net of expenses of \$85,523	390,141	-	-	390,141	298,479
Government grant	535,834	-	-	535,834	598,681
Major grants	-	650,772	-	650,772	613,786
In-kind	-	-	-	-	32,500
Other income	48,223	-	-	48,223	89,480
Net asset released from restrictions	<u>1,105,548</u>	<u>(1,105,548)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenues	 <u>3,359,952</u>	 <u>(93,876)</u>	 <u>250,000</u>	 <u>3,516,076</u>	 <u>3,432,191</u>
Expenses:					
Program services	3,157,947	-	-	3,157,947	2,676,172
Management and general	130,618	-	-	130,618	113,583
Fundraising	<u>317,928</u>	<u>-</u>	<u>-</u>	<u>317,928</u>	<u>406,558</u>
 Total expenses	 <u>3,606,493</u>	 <u>-</u>	 <u>-</u>	 <u>3,606,493</u>	 <u>3,196,313</u>
 Change in net assets	 (246,541)	 (93,876)	 250,000	 (90,417)	 235,878
Net assets, beginning of year	<u>1,258,487</u>	<u>1,603,340</u>	<u>-</u>	<u>2,861,827</u>	<u>2,625,949</u>
Net assets, end of year	<u>\$ 1,011,946</u>	<u>\$ 1,509,464</u>	<u>\$ 250,000</u>	<u>\$ 2,771,410</u>	<u>\$ 2,861,827</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, 2015

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

	2015								2014
	Program Services				Total	Management and General	Fundraising	Combined	
	Villages Intervention	Mobile Health Clinics	Nursing Education	Other Programs					
Salaries	\$ 169,242	\$ 327,288	\$ 205,271	\$ 149,016	\$ 850,817	\$ 70,188	\$ 154,327	\$ 1,075,332	\$ 1,032,093
Payroll taxes	4,690	6,069	6,345	10,483	27,587	5,339	11,612	44,538	45,737
Employee benefits	26,714	54,012	37,147	17,994	135,867	7,750	16,604	160,221	138,578
Care kits	81,420	-	-	-	81,420	-	-	81,420	65,769
Community care givers stipends	72,350	-	-	-	72,350	-	-	72,350	70,535
Education and training	22,447	-	57,867	-	80,314	1,226	-	81,540	65,635
Health care supplies	-	155,077	-	-	155,077	-	-	155,077	160,709
Nursing scholarships	-	-	229,212	-	229,212	-	-	229,212	252,697
Professional services	12,656	15,877	46,046	25,692	100,271	13,845	36,044	150,160	282,510
Program support	43,140	55,828	58,366	96,430	253,764	340	10,064	264,168	288,010
School fees and supplies	7,717	-	-	-	7,717	-	-	7,717	53,226
Flood relief and Door to Door	95,779	-	-	-	95,779	-	-	95,779	-
Tuition	-	-	23,113	-	23,113	-	-	23,113	32,980
Vehicle and motorcycle expenses	17,605	76,873	32,926	4,093	131,497	-	-	131,497	138,803
Baseline survey	-	-	-	-	-	-	-	-	20,752
Information technology	2,848	3,686	3,853	6,367	16,754	1,325	28,196	46,275	20,066
Insurance	657	4,798	889	1,468	7,812	799	1,999	10,610	6,919
Materials and publications	2,868	3,712	3,880	6,411	16,871	3,491	8,727	29,089	20,435
Meals, meetings, and travel	11,894	26,005	19,721	1,914	59,534	13,282	9,242	82,058	66,843
Namunda School expenses	-	-	-	537,050	537,050	-	-	537,050	127,953
Needs assessment and monitoring	9,952	843	-	-	10,795	-	-	10,795	22,167
Office expenses	4,185	14,752	10,813	4,082	33,832	4,127	4,386	42,345	34,308
Other	2,976	3,002	2,350	45,359	53,687	-	-	53,687	54,976
Postage and delivery	-	-	-	-	-	420	2,706	3,126	4,940
Rent, utilities, and security	14,023	21,388	20,986	16,884	73,281	8,059	20,148	101,488	88,365
Small equipment and repairs	2,204	9,461	451	78	12,194	-	-	12,194	6,469
Taxes, licenses, and fees	643	620	1,757	340	3,360	54	12,941	16,355	17,942
Telephone and cell phone	7,549	12,931	5,858	1,806	28,144	373	932	29,449	22,702
Depreciation	9,609	19,795	7,933	676	38,013	-	-	38,013	56,958
Foreign exchange loss (gain)	4,367	4,149	11,354	1,965	21,835	-	-	21,835	(2,764)
Total expenses	\$ 627,535	\$ 816,166	\$ 786,138	\$ 928,108	\$ 3,157,947	\$ 130,618	\$ 317,928	\$ 3,606,493	\$ 3,196,313

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, 2015
(with summarized financial information for the year ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (90,417)	\$ 235,878
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Discount on pledges receivable	(11,213)	(15,072)
Bad debt expense (recovery)	-	(2,000)
Depreciation expense	38,013	56,958
Restricted cash	(250,000)	654,192
Changes in operating assets and liabilities:		
Pledges receivable	101,000	120,895
Major grants receivable	(290,539)	-
Other assets	16,470	22,587
Accounts payable	(33,738)	37,283
Accrued expenses	5,283	(19,844)
Deferred revenue	(31,000)	11,000
Agency fund held for Namunda School	-	(654,192)
	<u>(546,141)</u>	<u>447,685</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(41,736)</u>	<u>(138,663)</u>
	<u>(41,736)</u>	<u>(138,663)</u>
Net (decrease) increase in cash and cash equivalents	(587,877)	309,022
Cash and cash equivalents, beginning of year	<u>1,732,029</u>	<u>1,423,007</u>
Cash and cash equivalents, end of year	<u>\$ 1,144,152</u>	<u>\$ 1,732,029</u>
Non-cash operating activities:		
Contributed securities	<u>\$ 196,122</u>	<u>\$ 89,235</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, 2015

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, 2015

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 \$260,461 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 \$260,461, \$250,000 is reserved for future emergency operating needs and the remaining \$10,461 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, 2015

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.

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, 2015 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, 2015

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. There were no in-kind contributions during 2015.

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, 2014, from which the summarized financial information was derived.

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2015

2. Summary of Significant Accounting Policies, continued

Concentration of Credit Risk

Cash and Cash Equivalents

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

Pledges and Major Grants Receivable

As of December 31, 2015, one donor made up 99% of total net pledges receivable and one foundation made up 97% of major grants receivable.

Revenues

For the year ended December 31, 2015, a government grant comprised of 16% of total revenues and a major grant comprised of 17% 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, 2015

4. Pledges Receivable

Pledges receivable at December 31, 2015 are as follows:

Year ending December 31:	
2016	\$ 108,000
2017	101,000
2018	100,000
2019	100,000
2020	<u>100,000</u>
Total pledges receivable	509,000
Less discount to present value	(26,703)
Less allowance for uncollectible pledges	<u>(5,000)</u>
Pledges receivable, net	<u><u>\$ 477,297</u></u>

5. Property and Equipment

Property and equipment as of December 31, 2015 are as follows:

Vehicles and motorcycles	\$ 905,730
Land and buildings	204,894
Computer equipment	70,142
Office furniture and equipment	<u>32,789</u>
Total	1,213,555
Less accumulated depreciation	<u>(562,942)</u>
Property and equipment, net	<u><u>\$ 650,613</u></u>

Depreciation expense was \$38,013 for the year ended December 31, 2015.

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GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2015

6. Net Assets

Temporarily restricted net assets are held for the following purposes at December 31, 2015:

Time restriction	\$ 478,297
Purpose restrictions:	
Mobile Health Clinics 2012	505,212
MGC 2 - Nursing expansion and Mobile Health Clinics	385,176
Girls Empowerment	50,000
Mulanje Office Building	40,000
Hospital and Clinic Benefit	27,380
Education and Advocation	11,997
WWRankin Scholarship Fund	11,402
	<u>11,402</u>
Total temporarily restricted net assets	<u>\$ 1,509,464</u>

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, 2015:

Time restriction	\$ 88,787
Purpose restrictions:	
Mobile Health Clinics 2012	556,215
MGC 2 - Nursing and Mobile Health Clinic	409,616
Hospital and Clinic Benefit	17,042
Education and Advocation	12,585
WW Rankin Scholarship Fund	10,903
Male Testing and Education Campaign	10,400
	<u>10,400</u>
Total released from restriction	<u>\$ 1,105,548</u>

During 2015, GAIA received an endowment contribution of \$250,000. The donor specified the funds were to be permanently restricted, but could be used in an emergency with a board vote of at least 2/3. The funds are invested in a certificate of deposit with a maturity of three months and is shown as restricted cash equivalent on the combined statement of financial position. The donor established an annual spending policy of 5% using a three year rolling average of the fair market value, beginning in 2016 based on a one year average.

7. 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, 2015 was \$17,428.

Continued

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2015

8. Lease Commitments

GAIA US leases its facility under a noncancelable operating lease expiring September 2020. Lease terms call for escalating lease payments each year ranging from \$4,799 to \$6,029 per month.

GAIA Board General Counsel's law firm subleased part of the Larkspur, CA office space through September 2016. The law firm paid the same rent per square footage of space as GAIA.

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

Year ending December 31:	
2016	\$ 58,695
2017	62,756
2018	66,078
2019	70,139
2020	<u>54,265</u>
	<u>\$ 311,933</u>

Rental expense under these lease agreements was \$84,254 and sublease income was \$19,560 for the year ended December 31, 2015.

9. Nursing Scholarships

GAIA Malawi's intent is to provide three- and four-year scholarships to nursing students and has conditionally granted scholarships through 2019. Estimated future scholarship commitments, if all conditions were to be met, are as follows:

Year ending December 31:	
2016	\$ 134,147
2017	77,259
2018	38,343
2019	<u>15,825</u>
	<u>\$ 265,574</u>

10. Subsequent Events

In preparing these combined financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 28, 2016, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2015 that require recognition or disclosure in such financial statements.

SUPPLEMENTARY INFORMATION

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINING SCHEDULE OF FINANCIAL POSITION

December 31, 2015

	<u>United States</u>	<u>Malawi</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS				
Cash and cash equivalents	\$ 978,534	\$ 165,618	\$ -	\$ 1,144,152
Restricted cash equivalent	250,000	-	-	250,000
Pledges receivable, net	477,297	-	-	477,297
Major grants receivable	290,539	-	-	290,539
Other assets	17,219	-	-	17,219
Property and equipment, net	<u>-</u>	<u>648,156</u>	<u>-</u>	<u>648,156</u>
 Total assets	 <u>\$ 2,013,589</u>	 <u>\$ 813,774</u>	 <u>\$ -</u>	 <u>\$ 2,827,363</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 25,875	\$ -	\$ -	\$ 25,875
Accrued expenses	<u>30,078</u>	<u>-</u>	<u>-</u>	<u>30,078</u>
 Total liabilities	 <u>55,953</u>	 <u>-</u>	 <u>-</u>	 <u>55,953</u>
Net assets:				
Unrestricted:				
Undesignated	(51,828)	155,157	-	103,329
Board-designated	250,000	10,461	-	260,461
Property and equipment	<u>-</u>	<u>648,156</u>	<u>-</u>	<u>648,156</u>
 Total unrestricted	 198,172	 813,774	 -	 1,011,946
Temporarily restricted	1,509,464	-	-	1,509,464
Permanently restricted	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
 Total net assets	 <u>1,957,636</u>	 <u>813,774</u>	 <u>-</u>	 <u>2,771,410</u>
 Total liabilities and net assets	 <u>\$ 2,013,589</u>	 <u>\$ 813,774</u>	 <u>\$ -</u>	 <u>\$ 2,827,363</u>

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE
COMBINING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2015

	United States			Subtotal	Malawi	Eliminations	Combined			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		Unrestricted	Unrestricted	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues:										
Contributions	\$ 1,215,788	\$ 360,900	\$ 250,000	\$ 1,826,688	\$ 2,177,063	\$ (2,112,645)	\$ 1,280,206	\$ 360,900	\$ 250,000	\$ 1,891,106
Special events revenue, net of expenses of \$85,523	390,141	-	-	390,141	-	-	390,141	-	-	390,141
Government grant	313,417	-	-	313,417	222,417	-	535,834	-	-	535,834
Major grants	-	650,772	-	650,772	-	-	-	650,772	-	650,772
In-kind	-	-	-	-	-	-	-	-	-	-
Other income	44,368	-	-	44,368	3,855	-	48,223	-	-	48,223
Net asset released from restrictions	1,105,548	(1,105,548)	-	-	-	-	1,105,548	(1,105,548)	-	-
Total revenues	3,069,262	(93,876)	250,000	3,225,386	2,403,335	(2,112,645)	3,359,952	(93,876)	250,000	3,516,076
Expenses:										
Program services	2,957,560	-	-	2,957,560	2,313,032	(2,112,645)	3,157,947	-	-	3,157,947
Management and general	130,618	-	-	130,618	-	-	130,618	-	-	130,618
Fundraising	317,928	-	-	317,928	-	-	317,928	-	-	317,928
Total expenses	3,406,106	-	-	3,406,106	2,313,032	(2,112,645)	3,606,493	-	-	3,606,493
Change in net assets	(336,844)	(93,876)	250,000	(180,720)	90,303	-	(246,541)	(93,876)	250,000	(90,417)
Net assets, beginning of year	535,016	1,603,340	-	2,138,356	723,471	-	1,258,487	1,603,340	-	2,861,827
Net assets, end of year	\$ 198,172	\$ 1,509,464	\$ 250,000	\$ 1,957,636	\$ 813,774	\$ -	\$ 1,011,946	\$ 1,509,464	\$ 250,000	\$ 2,771,410

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINING SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended December 31, 2015

	United States				Malawi		Combined			
	Program Services	Management and General	Fundraising	Subtotal	Program Services	Eliminations	Program Services	Management and General	Fundraising	Total
Salaries	\$ 366,992	\$ 70,188	\$ 154,327	\$ 591,507	\$ 483,825	\$ -	\$ 850,817	\$ 70,188	\$ 154,327	\$ 1,075,332
Payroll taxes	27,587	5,339	11,612	44,538	-	-	27,587	5,339	11,612	44,538
Employee benefits	40,572	7,750	16,604	64,926	95,295	-	135,867	7,750	16,604	160,221
Care kits	-	-	-	-	81,420	-	81,420	-	-	81,420
Community care givers stipends	-	-	-	-	72,350	-	72,350	-	-	72,350
Education and training	-	1,226	-	1,226	80,314	-	80,314	1,226	-	81,540
Health care supplies	-	-	-	-	155,077	-	155,077	-	-	155,077
Nursing scholarships	-	-	-	-	229,212	-	229,212	-	-	229,212
Professional services	65,887	13,845	36,044	115,776	34,384	-	100,271	13,845	36,044	150,160
Program support	2,366,408	340	10,064	2,376,812	-	(2,112,645)	253,763	340	10,064	264,167
School fees and supplies	-	-	-	-	7,717	-	7,717	-	-	7,717
Flood relief and Door to Door	-	-	-	-	95,779	-	95,779	-	-	95,779
Tuition	-	-	-	-	23,113	-	23,113	-	-	23,113
Vehicle and motorcycle expenses	-	-	-	-	131,497	-	131,497	-	-	131,497
Info technology	16,754	1,325	28,196	46,275	-	-	16,754	1,325	28,196	46,275
Insurance	3,864	799	1,999	6,662	3,948	-	7,812	799	1,999	10,610
Materials and publications	16,871	3,491	8,727	29,089	-	-	16,871	3,491	8,727	29,089
Meals, meetings, and travel	2,474	13,282	9,242	24,998	57,060	-	59,534	13,282	9,242	82,058
Namunda School expenses	-	-	-	-	537,050	-	537,050	-	-	537,050
Needs assessment and monitoring	-	-	-	-	10,795	-	10,795	-	-	10,795
Office expense	8,700	4,127	4,386	17,213	25,133	-	33,833	4,127	4,386	42,346
Other	-	-	-	-	53,687	-	53,687	-	-	53,687
Postage and delivery	-	420	2,706	3,126	-	-	-	420	2,706	3,126
Rent, utilities, and security	38,953	8,059	20,148	67,160	34,328	-	73,281	8,059	20,148	101,488
Small equipment and repairs	-	-	-	-	12,194	-	12,194	-	-	12,194
Taxes, licenses, and fees	169	54	12,941	13,164	3,191	-	3,360	54	12,941	16,355
Telephone and cell phone	2,329	373	932	3,634	25,815	-	28,144	373	932	29,449
Depreciation	-	-	-	-	38,013	-	38,013	-	-	38,013
Foreign exchange loss	-	-	-	-	21,835	-	21,835	-	-	21,835
Total expenses	\$ 2,957,560	\$ 130,618	\$ 317,928	\$ 3,406,106	\$ 2,313,032	\$ (2,112,645)	\$ 3,157,947	\$ 130,618	\$ 317,928	\$ 3,606,493