Consolidated Financial Statements and Supplementary Information Together with Report of Independent Certified Public Accountants

Americares Foundation, Inc. and Affiliate

June 30, 2019 and 2018
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Americares Foundation, Inc.:

We have audited the accompanying consolidated financial statements of Americares Foundation, Inc. and affiliate (collectively, “Americares”), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement. 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 consolidated 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Americares Foundation, Inc. and affiliate as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position as of June 30, 2019, consolidating schedule of activities for the year ended June 30, 2019, schedule of functional expenses – Americares Foundation, Inc. for the year ended June 30, 2019, schedule of functional expenses – Americares Free Clinics, Inc. for the year ended June 30, 2019 and consolidated schedule of program expenses for the year ended June 30, 2019 are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

New York, New York
November 5, 2019
## ASSETS

### CURRENT ASSETS
- **Cash and cash equivalents**: $17,376, $25,040
- **Investments**: $26,998, $28,187
- **Contributions receivable, net**: $4,978, $3,816
- **Other receivables**: $807, $560
- **Inventory, net**: $165,456, $263,454
- **Prepaid expenses and other assets**: $4,643, $855

**Total current assets**: $220,258, $321,912

### NONCURRENT ASSETS
- **Other assets**:
  - **Contributions receivable, net**: $568, $268
  - **Property held for investment**: $225, $261
  - **Beneficial interest in split-interest agreements - Perpetual assets held in trust**: $3,404, $3,473
  - **Trust agreements**: $55, $113

**Total other assets**: $4,252, $4,115

- **Property and equipment**:
  - **Building and land**: $1,264, $1,109
  - **Furniture and equipment**: $3,820, $3,807
  - **Leasehold improvements**: $3,545, $3,545
  - **Accumulated depreciation and amortization**: $(6,335), $(5,931)

**Net property and equipment**: $2,294, $2,530

**Total noncurrent assets**: $6,546, $6,645

**Total assets**: $226,804, $328,557

## LIABILITIES AND NET ASSETS

### CURRENT LIABILITIES
- **Accounts payable and accrued liabilities**: $6,284, $5,445
- **Committed subgrants**: $1,001, $1,717
- **Deferred revenue**: $203, $384

**Total current liabilities**: $7,488, $7,546

### NONCURRENT LIABILITIES
- **Liabilities under split-interest agreements**: $2,897, $2,221
- **Loan payable and capital leases**: $320, $352

**Total noncurrent liabilities**: $3,217, $2,573

**Total liabilities**: $10,705, $10,119

### NET ASSETS
- **Without donor restrictions**: $65,032, $97,005
- **With donor restrictions**: $151,067, $221,433

**Total net assets**: $216,099, $318,438

**Total liabilities and net assets**: $226,804, $328,557

The accompanying notes are an integral part of these consolidated financial statements.
# AMERICARES FOUNDATION, INC. AND AFFILIATE

## CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended June 30, 2019 and 2018  
(In thousands)

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT AND REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and private grants</td>
<td>$27,632</td>
<td>$22,872</td>
<td>$50,504</td>
<td>$24,643</td>
<td>$43,026</td>
<td>$67,669</td>
</tr>
<tr>
<td>Government grants</td>
<td>1,388</td>
<td>-</td>
<td>1,388</td>
<td>140</td>
<td>-</td>
<td>140</td>
</tr>
<tr>
<td>Donated medical and disaster supplies</td>
<td>205,124</td>
<td>719,266</td>
<td>924,390</td>
<td>183,181</td>
<td>792,810</td>
<td>975,991</td>
</tr>
<tr>
<td>Contributed services and facilities</td>
<td>10,408</td>
<td>-</td>
<td>10,408</td>
<td>8,196</td>
<td>-</td>
<td>8,196</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>812,761</td>
<td>(812,761)</td>
<td>-</td>
<td>1,157,455</td>
<td>(1,157,455)</td>
<td>-</td>
</tr>
<tr>
<td>Total public support</td>
<td>1,057,313</td>
<td>(70,623)</td>
<td>986,690</td>
<td>1,373,615</td>
<td>(321,619)</td>
<td>1,051,996</td>
</tr>
<tr>
<td>Investment and fee revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment return</td>
<td>1,383</td>
<td>235</td>
<td>1,618</td>
<td>1,481</td>
<td>133</td>
<td>1,614</td>
</tr>
<tr>
<td>Other revenue</td>
<td>2,512</td>
<td>50</td>
<td>2,562</td>
<td>2,372</td>
<td>62</td>
<td>2,434</td>
</tr>
<tr>
<td>Change in value of split-interest agreements</td>
<td>(578)</td>
<td>(28)</td>
<td>(606)</td>
<td>21</td>
<td>(1)</td>
<td>20</td>
</tr>
<tr>
<td>Total revenue</td>
<td>3,317</td>
<td>257</td>
<td>3,574</td>
<td>3,874</td>
<td>194</td>
<td>4,068</td>
</tr>
<tr>
<td>Total support and revenue</td>
<td>1,060,630</td>
<td>(70,366)</td>
<td>990,264</td>
<td>1,377,489</td>
<td>(321,425)</td>
<td>1,056,064</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution of donated medical and disaster supplies</td>
<td>984,619</td>
<td>-</td>
<td>984,619</td>
<td>1,254,703</td>
<td>-</td>
<td>1,254,703</td>
</tr>
<tr>
<td>Other program expenses</td>
<td>89,272</td>
<td>-</td>
<td>89,272</td>
<td>66,030</td>
<td>-</td>
<td>66,030</td>
</tr>
<tr>
<td>Total program services</td>
<td>1,073,891</td>
<td>-</td>
<td>1,073,891</td>
<td>1,320,733</td>
<td>-</td>
<td>1,320,733</td>
</tr>
<tr>
<td>Supporting services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>5,738</td>
<td>-</td>
<td>5,738</td>
<td>5,519</td>
<td>-</td>
<td>5,519</td>
</tr>
<tr>
<td>Fundraising</td>
<td>12,974</td>
<td>-</td>
<td>12,974</td>
<td>12,394</td>
<td>-</td>
<td>12,394</td>
</tr>
<tr>
<td>Total supporting services</td>
<td>18,712</td>
<td>-</td>
<td>18,712</td>
<td>17,913</td>
<td>-</td>
<td>17,913</td>
</tr>
<tr>
<td>Total expenses</td>
<td>1,092,603</td>
<td>-</td>
<td>1,092,603</td>
<td>1,338,646</td>
<td>-</td>
<td>1,338,646</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(31,973)</td>
<td>(70,366)</td>
<td>(102,339)</td>
<td>38,843</td>
<td>(321,425)</td>
<td>(282,582)</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>97,005</td>
<td>221,433</td>
<td>318,438</td>
<td>58,162</td>
<td>542,858</td>
<td>601,020</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$65,032</td>
<td>$151,067</td>
<td>$216,099</td>
<td>$97,005</td>
<td>$221,433</td>
<td>$318,438</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
## Functional Expenses

<table>
<thead>
<tr>
<th>Expense Description</th>
<th>2019 (In thousands)</th>
<th>2018 (In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grants, Awards and Program-Related Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and related payroll expenses</td>
<td>$16,300</td>
<td>$12,095</td>
</tr>
<tr>
<td>Rent and other occupancy costs</td>
<td>1,983</td>
<td>1,788</td>
</tr>
<tr>
<td>Distribution of donated medical and disaster supplies</td>
<td>984,619</td>
<td>1,254,703</td>
</tr>
<tr>
<td>Other grants, awards and relief supplies</td>
<td>40,221</td>
<td>27,031</td>
</tr>
<tr>
<td>Grants to other agencies</td>
<td>3,268</td>
<td>5,355</td>
</tr>
<tr>
<td>Professional fees and contract services</td>
<td>14,576</td>
<td>1,774</td>
</tr>
<tr>
<td>Office supplies and equipment</td>
<td>662</td>
<td>725</td>
</tr>
<tr>
<td>Telephone</td>
<td>165</td>
<td>1,003</td>
</tr>
<tr>
<td>Postage, shipping and warehousing</td>
<td>7,979</td>
<td>866</td>
</tr>
<tr>
<td>Equipment and software rental</td>
<td>156</td>
<td>26</td>
</tr>
<tr>
<td>Promotional expenses</td>
<td>277</td>
<td>240</td>
</tr>
<tr>
<td>Travel</td>
<td>1,935</td>
<td>240</td>
</tr>
<tr>
<td>Insurance and miscellaneous</td>
<td>1,291</td>
<td>619</td>
</tr>
<tr>
<td>Depreciation</td>
<td>459</td>
<td>118</td>
</tr>
<tr>
<td><strong>Total Functional Expenses</strong></td>
<td>$1,073,891</td>
<td>$1,320,733</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets $ (102,339) $ (282,582)

Adjustments to reconcile change in net assets to net cash provided by
Depreciation and amortization 570 789
Net realized gain on investments (324) (789)
Net unrealized (gain)/loss on fair value of investments (95) 191
Donated investments (1,336) (2,579)
Realized and unrealized loss on property held for investment and contributed stock 48 29
Contributions restricted for endowment (126) (225)

Changes in assets and liabilities
Increase in other receivables (247) (286)
(Increase) decrease in contributions receivable (1,462) 6,791
Decrease in inventory 97,998 303,502
Increase in prepaid expenses and other assets (3,788) (222)
Decrease (increase) in beneficial interest in split-interest agreements 127 (21)
Increase in accounts payable and accrued expenses 839 684
(Decrease) increase in committed subgrants (716) 958
Decrease in deferred revenue (181) (672)
Increase (decrease) in liabilities under split-interest agreements 676 (325)

Net cash (used in) provided by operating activities (10,356) 25,243

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment (334) (149)
Proceeds from sale of assets held for investments - 167
Proceeds from sale of investments 13,019 8,291
Purchases of investments (10,087) (12,797)

Net cash provided by (used in) investing activities 2,598 (4,488)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from contributions restricted for endowment 126 225
Payments of capital leases (32) (30)

Net cash provided by financing activities 94 195

Net (decrease) increase in cash and cash equivalents (7,664) 20,950

Cash and cash equivalents, beginning of year 25,040 4,090

Cash and cash equivalents, end of year $ 17,376 $ 25,040

Supplemental cash flow information:
Noncash items for fiscal years 2019 and 2018 included $924,390 and $975,991 of donated medical and disaster relief supplies, respectively, and $10,408 and $8,196 of contributed services and facilities, respectively. Cash used in operating activities included payments for interest in gift annuities of $81 and $400 in fiscal years 2019 and 2018, respectively, and cash paid for interest of $4 and $3 in fiscal years 2019 and 2018, respectively.

The accompanying notes are an integral part of these consolidated financial statements.
1. ORGANIZATION

Americares Foundation, Inc. is a not-for-profit organization established in 1979, which principally provides medicine, emergency medical supplies and other disaster relief aid to those in need throughout the world. In addition, Americares sponsors Americares Free Clinics, Inc. (the “Clinics”), an affiliated organization, which operates four free health clinics in Connecticut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include Americares Foundation, Inc. and its affiliated organization (together “Americares”) as described in Note 1 and have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”) using the accrual basis of accounting. All inter-company amounts have been eliminated in consolidation.

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (“ASU 2016-14”). The ASU amends the current reporting model for not-for-profit organizations and requires certain additional disclosures. The significant changes include:

- Requiring the presentation of two net asset classes classified as “net assets without donor restrictions” and “net assets with donor restrictions”;
- Modifying the presentation of underwater endowment funds and related disclosures;
- Requiring the use of the placed in-service approach to recognize the satisfaction of restrictions on gifts used to acquire or construct long-lived assets, absent explicit donor stipulations otherwise;
- Requiring that all not-for-profits present an analysis of expenses by function and nature in a separate statement or in the notes to the financial statements;
- Requiring disclosure of quantitative and qualitative information regarding liquidity;
- Presenting investment return net of external and direct internal investment expenses; and,
- Modifying other financial statement reporting requirements and disclosures intended to increase the usefulness to the reader.
For the year ended June 30, 2019, Americares adopted the relevant provisions of ASU 2016-14 and similarly revised the presentation of its fiscal 2018 consolidated financial statements to align with the new reporting presentation. A presentation of net assets as previously reported as of June 30, 2018, and as required under ASU 2016-14 follows:

<table>
<thead>
<tr>
<th></th>
<th>As Previously Presented</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$ 97,005</td>
<td>$ 97,005</td>
<td>$ -</td>
<td>$ 97,005</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>216,464</td>
<td>-</td>
<td>216,464</td>
<td>216,464</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>4,969</td>
<td>-</td>
<td>4,969</td>
<td>4,969</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>$ 318,438</strong></td>
<td><strong>$ 97,005</strong></td>
<td><strong>$ 221,433</strong></td>
<td><strong>$ 318,438</strong></td>
</tr>
</tbody>
</table>

**Net Assets**

Net assets and related revenues and support are classified based upon the existence or absence of donor-imposed stipulations, as follows:

**Net Assets without Donor Restrictions**

Includes all resources that are expendable for carrying on Americares’ general mission with no donor restrictions but may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

**Net Assets with Donor Restrictions**

Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or are for expenditure on a specific program or in a specific geographic location. These donor-imposed stipulations can be fulfilled and removed by the actions of Americares pursuant to those stipulations.

Net assets with donor restrictions also includes the corpus of gifts, which must be maintained in perpetuity, but allow for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes in accordance with donor stipulations.

Americares receives gifts of cash and other assets with donor stipulations that limit the use of donated assets. When the donor-restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.
Cash and Cash Equivalents

Americares classifies short-term highly liquid investments with original maturities of three months or less as cash equivalents. Americas places its cash and cash equivalents in institutions and funds of high credit quality. Americas maintains cash at financial institutions that periodically exceed federally insured amounts. Americas has not experienced any loss in such accounts and believes it is not exposed to any significant risk on cash.

Contributions

Americares records contributions, including unconditional promises to give, in the period received or pledged. Contributions are recorded at the fair value of the assets received and are classified as either without donor restrictions or with donor restrictions, depending on whether the donor has imposed a restriction on the use of such assets.

Pledged contributions not expected to be received within one year are recognized as support with donor restrictions and are discounted using a credit-adjusted discount rate assigned in the year the pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management’s judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. Americas writes-off contributions receivable when they become uncollectible, and payments subsequently received are recorded as income in the period received. As of June 30, 2019 and 2018, there were no allowances for uncollectible contributions receivables.

The income from donor-restricted endowments held in perpetuity is used for operating purposes when expenditures satisfy the donors’ restrictions and such amounts are appropriated for expenditure by the Board of Directors following their established endowment policy. Income amounts that exceed related expenditures during a fiscal period remain as net assets with donor restrictions.

Americares’ policy is to report gifts of property, plant and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long such assets must be maintained, Americas reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Government grants

Revenues from government grants are recognized when earned, that is, generally as the related costs are incurred under the grant or contract agreements. Amounts expended in excess of reimbursements are reported as other receivables. Amounts received in advance are reported as deferred revenue.

The carrying value of receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value. Receivables are written-off when deemed uncollectible.
Donated Medical Inventory and Disaster Supplies

Upon receipt, Americares reports gifts of donated inventory and supplies as support without donor restrictions unless explicit donor stipulations specify how or where the donated supplies must be used. Gifts of donated inventory and supplies with explicit restrictions that specify how or where the assets are to be used are reported as support with donor restrictions. Donated inventory and medical supplies are recognized on the date received at wholesale acquisition cost (“WAC”), which approximates the exit price. Americares has determined that the WAC is the most appropriate estimate of the fair value for its donated medical inventory and supplies. Americares estimates the WAC by using published industry information, primarily IBM Micromedex’s “Red Book,” which is an industry recognized drug and pricing reference guide for pharmaceuticals in the United States. For products not available in the Red Book, the wholesale value is provided by the donor or estimated using publicly available pricing sources.

In fiscal year 2017, Americares received an extraordinary pharmaceutical donation of the hepatitis C drug, daclatasvir, valued at approximately $1.334 billion. Daclatasvir, when combined with sofosbuvir, provides a potential cure for chronic hepatitis C infection in adults. As of June 30, 2017, Americares shipped approximately $0.97 billion worth of this life-saving drug to Myanmar, Nigeria, Rwanda and Vietnam. In fiscal year 2018, the remaining $0.37 billion was shipped to Ethiopia, Indonesia and Myanmar.

Americares operates a Patient Assistance Program (“PAP”) through which it receives gifts in kind of donated medical supplies. This program’s pharmaceutical donations totaled $359.8 million and $329.3 million for the years ended June 30, 2019 and 2018, respectively. Additionally, Americares received gifts of cash to assist with the funding of PAP costs totaling $5.4 million and $4.2 million for the years ended June 30, 2019 and 2018, respectively. These donations are used to provide drugs to needy patients in the United States of America that have met various eligibility criteria and who would not otherwise be able to afford them. In addition, contributions receivable have been recorded for cash amounts pledged by donors to the PAP program of $1.5 million and $0.9 million for the years ended June 30, 2019 and 2018, respectively.

Inventory

Purchased inventory is carried at cost. Donated inventory is valued at WAC, which approximates fair value, as determined on the date of receipt. Americares monitors its inventory throughout the year and writes-off amounts that have expired or records an allowance for items that may expire before distribution can be made or are known to have become damaged.

Investments

Investments are recorded at fair value based on the quoted market values of the securities; accordingly, the accompanying consolidated statement of activities reflects changes in fair value as increases or decreases in unrealized gain (loss) in fair value of investments. Dividend income is recorded on the ex-dividend date, and interest income is recorded as earned on the accrual basis. Security transactions are recorded on a trade date basis. The cost of marketable securities sold is determined by the specific identification method and realized gains (losses) are reflected in the accompanying consolidated statement of activities.
AMERICARES FOUNDATION, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2019 and 2018
(In thousands)

Fair Value Measurements

Americares follows the guidance that established a framework for measuring fair value and expanding its disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective financial instrument.

The three levels are based on the transparency of inputs as follows:

- **Level 1** - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

- **Level 2** - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but trade less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

- **Level 3** - Securities that have little to no pricing observability as of the report date. These securities are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to Americares’ perceived risk of that investment.

Split-Interest Agreements

Americares is the beneficiary of various irrevocable trusts held both by Americares and third-party trustees. Receivables from split-interest agreements held by third-party trustees represent the net present value of an estimate of the funds to be received. The net present value of these receivables was determined by using an estimate of the funds to be received from these trusts, the specified number of periods the funds will be received, and a discount rate determined at the time of the gift.

Liabilities from split-interest agreements result from annuity contracts whereby donors receive life-time income in exchange for a payment to Americares that constitutes part charitable contribution and part purchase of an annuity. The liability is recorded at the present value of the payments to be made based on the donor’s life expectancy. Actuarial gains and losses on the present value discount are reflected in the accompanying consolidated statement of activities as change in value of split-interest agreements.

Perpetual Assets Held in Trust

Donors have established and funded trusts which are administered by organizations other than Americares. Under the terms of these trusts, Americares has the irrevocable right to receive all or a portion of the income earned on the trust assets either in perpetuity or for the life of the trust. Americares does not control the assets held by outside trusts. Americares recognizes its interest in the trusts, based on the fair value of the assets contributed to the trusts, as contributions with donor restrictions. Fluctuations in the fair value of these assets are recorded as changes in net assets with donor restrictions in the accompanying consolidated statement of activities.
Property and Equipment

Property and equipment purchased for a value greater than $5 thousand and with depreciable lives greater than one year are recorded at cost; assets donated to Americares are recorded at fair value on the date of donation. Assets acquired under capital leases are stated at present value of future minimum lease payments at the inception of the lease and are amortized over the shorter period of the lease term or the estimated useful life of the asset. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Furniture and equipment are depreciated over five years. Leasehold improvements are amortized over the lesser of the economic life of the assets or the terms of the related leases. Buildings are depreciated over twenty years.

Depreciation expense for the years ended June 30, 2019 and 2018 was $0.6 million and $0.8 million, respectively.

Committed Subgrants

Americares makes subgrants and awards to organizations that help in the rehabilitation, rebuilding and recovery efforts of areas suffering as a result of natural or manmade disasters, as well as, complex humanitarian situations. A liability for cash subgrants is recorded when Americares has approved the subgrant and there are unconditional terms with the partner grantee. Committed subgrants beyond one year are recorded at net present value using a risk-free rate of return. At June 30, 2019 and 2018, committed subgrants expected to be distributed in the next fiscal year aggregate to $1.0 million and $1.7 million, respectively.

Contributed Services and Facilities

Americares receives services and supplies provided by a wide variety of organizations and professionals who receive no fees or salaries, except for reimbursement of certain travel and related expenses. Contributed services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Americares records the fair value of contributed services and supplies as revenue, with an equivalent amount recorded as expense.

Allocation of Expenses

Amounts for salaries, office supplies, occupancy and other similar items are allocated to program or supporting services based on allocation factors such as square footage (used for allocation of rent, utilities and building maintenance), headcount (used for allocation of insurance, telephone and software) and budgeted costs (for example, software budgeted as an IT cost, but allocated to Programs). These allocation factors are representative of cost consumption and depend on the nature of the activity for which the expense was incurred.

Concentration of Credit Risk

Cash and investments are exposed to various risks, such as interest rate, market, and credit risks. To minimize such risks, Americares maintains its cash in various bank deposit accounts and in diversified institutions and, accordingly, Americares does not expect nonperformance.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, other receivables, prepaid expenses and other assets, and accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.
The carrying value of contributions receivable is believed to approximate the amounts which will ultimately be realized and is calculated at the net present value of anticipated future cash flows.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include valuation reserves for inventories. While Americares believes that these estimates are reasonable, actual results could differ from such estimates.

**Recent Accounting Pronouncements**

**Effective in Future Periods**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This new revenue recognition guidance will supersede nearly all existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve the core principle, the new guidance implements a five-step process for customer contract revenue recognition. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. For nonpublic entities, the standard will be effective for annual reporting periods beginning after December 15, 2018 (i.e., fiscal year 2020), and interim reporting periods within annual reporting periods beginning after December 15, 2019. Nonpublic entities can also elect to early adopt the standard as of the following: (a) annual reporting periods beginning after December 15, 2016, including interim periods; or (b) annual reporting periods beginning after December 15, 2016, and interim periods within annual reporting periods beginning one year after the annual reporting period of initial application of the new standard. Entities can transition to the new guidance either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Management is currently assessing the impact of this new revenue recognition guidance on the consolidated financial statements nor decided upon the method of adoption.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. For recipients, the amendments are effective for annual periods beginning after December 15, 2018 (i.e., fiscal year 2020). Americares is currently evaluating the new guidance and has not determined the impact this standard may have on the consolidated financial statements.
In February 2016, the FASB issued the new guidance, ASU 2016-02, Leases, which requires that most leases be recognized on the statement of financial position as assets and liabilities for the rights and obligations created by these leases. Under the new guidance, lessees will be required to recognize a lease liability, which is a lessor’s obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control use of, a specified asset for the lease term for all leases (with the exception of short-term leases) at the adoption date. The new guidance is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years after December 15, 2020 (i.e., fiscal year 2021). Early adoption is permitted for any interim or annual financial statements not yet issued. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing and operating leases) must apply a modified retrospective approach for all leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Management is currently evaluating the impact that ASU 2016-02 will have on the consolidated financial statements.

3. INVESTMENTS

Investments, at fair value, consisted of and are classified as follows within the fair value hierarchy:

<table>
<thead>
<tr>
<th></th>
<th>2019 Level 1</th>
<th>2019 Level 3</th>
<th>2019 Total</th>
<th>2018 Level 1</th>
<th>2018 Level 3</th>
<th>2018 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed income</td>
<td>$13,025</td>
<td>-</td>
<td>$13,025</td>
<td>$14,718</td>
<td>-</td>
<td>$14,718</td>
</tr>
<tr>
<td>Equity securities</td>
<td>12,257</td>
<td>-</td>
<td>12,257</td>
<td>12,038</td>
<td>-</td>
<td>12,038</td>
</tr>
<tr>
<td>Other</td>
<td>1,716</td>
<td>-</td>
<td>1,716</td>
<td>1,431</td>
<td>-</td>
<td>1,431</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$26,998</td>
<td>-</td>
<td>$26,998</td>
<td>$28,187</td>
<td>-</td>
<td>$28,187</td>
</tr>
</tbody>
</table>

Beneficial interest in split-interest agreements:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2019</th>
<th>2018</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perpetual assets held in trust</td>
<td>-</td>
<td>3,404</td>
<td>3,404</td>
<td>-</td>
<td>3,473</td>
<td>3,473</td>
</tr>
<tr>
<td>Trust agreements</td>
<td>-</td>
<td>55</td>
<td>55</td>
<td>-</td>
<td>113</td>
<td>113</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>3,459</td>
<td>3,459</td>
<td>-</td>
<td>3,586</td>
<td>3,586</td>
</tr>
</tbody>
</table>

The following table summarizes the changes in Level 3 investments for the years ended June 30, 2019 and 2018:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$3,586</td>
<td>$3,571</td>
</tr>
<tr>
<td>Contributions</td>
<td>18</td>
<td>21</td>
</tr>
<tr>
<td>Sale</td>
<td>(72)</td>
<td>(5)</td>
</tr>
<tr>
<td>Unrealized loss</td>
<td>(73)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td>$3,459</td>
<td>$3,586</td>
</tr>
</tbody>
</table>
4. CONTRIBUTIONS RECEIVABLE

Contributions expected to be collected after one year have been discounted using a discount rate of 2.0% and 2.8% for the years ended June 30, 2019 and 2018, respectively, and are reflected on the accompanying consolidated financial statements at net present value. Contributions receivable, net at June 30, 2019 and 2018, are due as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$4,978</td>
<td>$3,816</td>
</tr>
<tr>
<td>One to two years</td>
<td>613</td>
<td>348</td>
</tr>
<tr>
<td>Total contributions receivable</td>
<td>5,591</td>
<td>4,164</td>
</tr>
<tr>
<td>Less: discount to present value</td>
<td>(45)</td>
<td>(80)</td>
</tr>
<tr>
<td>Total contributions receivable, net</td>
<td>$5,546</td>
<td>$4,084</td>
</tr>
</tbody>
</table>

5. INVENTORY

Inventory balances as of June 30, 2019 and 2018, were composed of the following:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicines</td>
<td>$177,394</td>
<td>$267,961</td>
</tr>
<tr>
<td>Medical devices and consumables</td>
<td>3,582</td>
<td>4,933</td>
</tr>
<tr>
<td>Other assorted</td>
<td>2,480</td>
<td>3,560</td>
</tr>
<tr>
<td>Total inventory</td>
<td>183,456</td>
<td>276,454</td>
</tr>
<tr>
<td>Less: allowance for obsolescence</td>
<td>(18,000)</td>
<td>(13,000)</td>
</tr>
<tr>
<td>Total inventory, net</td>
<td>$165,456</td>
<td>$263,454</td>
</tr>
</tbody>
</table>

Medical inventory decreased substantially in fiscal year 2019 mainly due to a decrease in restricted inventory receipts in fiscal year 2019 as a result of the hurricanes and resulting emergency responses that took place in fiscal year 2018.

6. CONTRIBUTED SERVICES, FACILITIES AND FREIGHT

For the years ended June 30, 2019 and 2018, contributed services, facilities and freight included the following:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional services</td>
<td>$10,010</td>
<td>$7,474</td>
</tr>
<tr>
<td>Other contributed services and facilities</td>
<td>235</td>
<td>500</td>
</tr>
<tr>
<td>No-charge freight</td>
<td>163</td>
<td>222</td>
</tr>
<tr>
<td>Total</td>
<td>$10,408</td>
<td>$8,196</td>
</tr>
</tbody>
</table>
7. NET ASSETS

Americares’ net assets with donor restrictions are available for the following purposes as of June 30:

<table>
<thead>
<tr>
<th>Purpose restricted:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disaster relief:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated inventory</td>
<td>$120,035</td>
<td>$184,456</td>
</tr>
<tr>
<td>Donated cash and pledges</td>
<td>25,273</td>
<td>31,191</td>
</tr>
<tr>
<td>Clinics</td>
<td>10</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td>145,318</td>
<td>215,742</td>
</tr>
<tr>
<td>Time restricted</td>
<td>722</td>
<td>722</td>
</tr>
<tr>
<td>Endowment funds subject to Americares’ appropriation and satisfaction of donor restrictions – original corpus</td>
<td>1,623</td>
<td>1,496</td>
</tr>
<tr>
<td>Perpetual trusts</td>
<td>3,404</td>
<td>3,473</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$151,067</strong></td>
<td><strong>$221,433</strong></td>
</tr>
</tbody>
</table>

8. ENDOWMENTS AND LIABILITIES UNDER SPLIT-INTEREST AGREEMENTS

Americares has received donor-restricted endowment contributions of perpetual duration and classified these funds as net assets with donor restrictions, with the appreciation available for the general purposes of Americares. Americares’ investment policy requires that endowment funds be invested in Level 1 assets and provides management with an asset allocation guideline, which provides flexibility for management of the portfolio to achieve long term growth, without excessive risk. Americares follows guidance which, among other things, addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). A key component of this guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as held in perpetuity as net assets with donor restrictions until appropriated for expenditure.

This standard requires new disclosures about an organization’s donor-restricted and board-designated (quasi) endowment funds. During 2008, Connecticut enacted UPMIFA into law. Management of Americares has interpreted the Connecticut law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Americares would classify as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if any. The remaining portion of the donor-restricted endowment fund includes the accumulated unspent earnings on the donor-restricted endowment funds that remains within net assets with donor restrictions until those amounts are appropriated for expenditure by Americares in a manner consistent with the standard of prudence prescribed by UPMIFA.
Changes in endowment net assets for the years ended June 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Endowment assets, June 30, 2017</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board designations and donor gifts</td>
<td>-</td>
<td>$225</td>
</tr>
<tr>
<td>Net investment return</td>
<td>-</td>
<td>$128</td>
</tr>
<tr>
<td>Withdrawal</td>
<td>-</td>
<td>(170)</td>
</tr>
<tr>
<td><strong>Endowment assets, June 30, 2018</strong></td>
<td>-</td>
<td>$1,750</td>
</tr>
<tr>
<td>Board designations and donor gifts</td>
<td>2,725</td>
<td>126</td>
</tr>
<tr>
<td>Net investment return</td>
<td>8</td>
<td>70</td>
</tr>
<tr>
<td>Withdrawal</td>
<td>-</td>
<td>(158)</td>
</tr>
<tr>
<td><strong>Endowment assets, June 30, 2019</strong></td>
<td>$2,733</td>
<td>$1,788</td>
</tr>
</tbody>
</table>

As of June 30, 2019 and 2018, perpetual assets held in trusts totaling $3.4 million and $3.5 million, respectively, have been excluded from the above donor-restricted endowment assets. During fiscal years 2019 and 2018, Americares withdrew $158 thousand and $170 thousand, respectively, from its endowment to support the implementation of a new enterprise resource planning (“ERP”) system. As of June 30, 2019, the Board of Directors of Americares Foundation, Inc. designated $2.7 million of gifts without donor restrictions for long-term investment in the unrestricted quasi endowment.

Americares has several charitable gift annuities which are arrangements between donors and Americares. Under these arrangements, donors contribute assets to Americares in exchange for a promise by Americares to pay a fixed amount back to the donor (or individuals designated by the donor) over a period of time. The current and long-term portions of the liability for these arrangements is shown in accounts payable and accrued liabilities and liabilities under split-interest agreements in the consolidated statements of financial position.

On November 27, 2018, Americares entered into an agreement with an insurance company to reinsure its charitable gift annuity program. Under the terms of the agreement, the insurance company agreed to assume the risk of changes in the present value of expected future cash flows payable to the annuitants in exchange for cash consideration of $3.02 million. Additionally, the insurance company agreed to fund payments made to beneficiaries over the duration of the annuity. As a result of this transaction, Americares recorded an increase in the fair value of its charitable gift annuities of $542 thousand which is included in the change in value of split-interest agreements line in the consolidated statements of activities. Subsequent changes in the actuarial present value of Americares’ liability to annuitants do not impact the consolidated statements of activities.

As of June 30, 2019 and 2018, the FASB actuarial calculation for these arrangements (which equates to the fair value of the reinsurance agreement) was $3.23 million and $2.56 million, respectively.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at beginning of year</strong></td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Purchase of reinsurance contract</td>
<td>3,022</td>
<td>-</td>
</tr>
<tr>
<td>Change in value of reinsurance contract</td>
<td>208</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td>$3,230</td>
<td>$ -</td>
</tr>
</tbody>
</table>

Americares is mandated by certain states’ laws to keep, as a reserve, certain excess balances related to its annuity contracts, which equaled $100 thousand and $776 thousand at June 30, 2019 and 2018, respectively.
9. **LOAN PAYABLE AND LINE OF CREDIT**

In November 2016, Americares Free Clinics, Inc. entered into a new unsecured $300 thousand five-year loan at an annual interest rate of 1% with Northern Trust Company ("The Loan") which is secured by Americares Foundation, Inc. The purpose of the loan was to repay the $300 thousand loan from Citizens Bank N.A. (formerly held by Royal Bank of Scotland). The prior loan provided funds toward the renovation of space in the Wheeler Community Center in Bridgeport, Connecticut for a free medical clinic for uninsured low- and moderate-income individuals. Interest expense of $3 thousand for the years ended June 30, 2019 and 2018 has been reflected in insurance and miscellaneous expense on the accompanying consolidated statement of activities. At June 30, 2019 and 2018, the outstanding balance on The Loan was $300 thousand which is payable in full on November 3, 2021.

In fiscal year 2017, Americares entered into an uncommitted $3 million line of credit with Northern Trust Company secured by certain Americares investment funds. The line of credit expires in July 2020 and any outstanding balances would accrue interest at the overnight LIBOR rate plus 1.75%. No amounts were drawn down during fiscal years 2019 or 2018.

10. **INCOME TAXES**

Americares and the Clinics follow guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

Both Americares and the Clinics are exempt from federal income tax under Internal Revenue Code ("IRC") section 501(c)(3), though they are subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Americares has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. Americares has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

11. **SIGNIFICANT DONORS**

Most of Americares’ medical, food and other disaster relief supplies ("merchandise") contributions are received from companies in the pharmaceutical industry. For years ended June 30, 2019 and 2018, the largest contributor accounted for 14% and 15%, respectively, of total merchandise contributions. The three largest contributors accounted for 35% and 37% of total merchandise contributions for the years ended June 30, 2019 and 2018, respectively.

12. **EMPLOYEE BENEFITS**

Americares established a defined contribution plan for all eligible employees effective January 1, 1992. As of December 31, 2002, Americares modified the plan to include a company matching program in which Americares would match each employee’s contribution to the 401(k) savings plan up to a maximum of 6% of each employee’s salary. Employees enrolling in the 401(k) savings plan after January 1, 2003 become 50% vested in the company match after one year of service and 100% vested after two years. Americares’ contribution was approximately $0.9 million and $0.7 million for years ended June 30, 2019 and 2018, respectively.
During fiscal year 2015, Americares established a Non-Qualified Deferred Compensation Plan that is designed in accordance with Section 457 (b) and (f) of the IRS Code covering the CEO of Americares. For the years ended June 30, 2019 and 2018, $29 thousand and $18 thousand was recognized as expense for this plan, respectively. As of June 30, 2019 and 2018, the balance associated with the 457(b) and (f) plans totaled approximately $160 and $94, respectively, and is included in investments and accounts payable and accrued liabilities on the accompanying consolidated statements of financial position.

13. LEASE COMMITMENTS

Americares leases real estate and certain equipment under operating leases. The leases for office and warehouse space provide for rent escalations. Future minimum lease commitments under non-cancelable operating leases are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Minimum Lease Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$ 1,857</td>
</tr>
<tr>
<td>2021</td>
<td>1,779</td>
</tr>
<tr>
<td>2022</td>
<td>1,767</td>
</tr>
<tr>
<td>2023</td>
<td>1,727</td>
</tr>
<tr>
<td>2024</td>
<td>587</td>
</tr>
<tr>
<td>2025 and beyond</td>
<td>121</td>
</tr>
<tr>
<td><strong>Total lease commitments</strong></td>
<td><strong>$ 7,838</strong></td>
</tr>
</tbody>
</table>

Rent expense for the years ended June 30, 2019 and 2018 was $1.8 million and $1.7 million, respectively.

Americares sublets offices space to World Wrestling Entertainment, Inc. ("WWE"), HomeFront and the Elm Project. The sublet with WWE expires May 2020. As of June 30, 2019, future total minimum rental payments to be received under the WWE sublease during fiscal 2020 total $128 thousand. The arrangements with HomeFront and The Elm Project are month to month.

14. LIQUIDITY AND AVAILABILITY

Americares receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Americares manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Americares has a liquidity policy to maintain financial cash reserves within net assets without donor restrictions at a minimum of 90 days of operating expenses exclusive of restricted gifts at all times during the fiscal year. To achieve these targets, Americares forecasts its future cash flows, monitors its liquidity monthly and monitors its reserves annually. During the fiscal years ended June 30, 2019 and 2018, the level of liquidity and reserves were managed within the policy requirements.
## Notes to the Consolidated Financial Statements - Continued

### June 30, 2019 and 2018

(In thousands)

Financial assets for general expenditure available to management for general expenditure within one year as of June 30, 2019 and 2018 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets due within one year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$17,376</td>
<td>$25,040</td>
</tr>
<tr>
<td>Investments</td>
<td>26,998</td>
<td>28,187</td>
</tr>
<tr>
<td>Contributions, receivable due within one year</td>
<td>4,978</td>
<td>3,816</td>
</tr>
<tr>
<td>Other receivables</td>
<td>807</td>
<td>560</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50,159</strong></td>
<td><strong>57,603</strong></td>
</tr>
</tbody>
</table>

| Less:                 |         |         |
| Amounts unavailable for general expenditures within one year due to: |         |         |
| Restricted by donors with other purpose restrictions | 25,118  | 31,032  |
| Restricted by donors with time restrictions          | 722     | 722     |
| Unappropriated accumulated endowment gains           | 165     | 254     |
| Restricted by donor in perpetuity                    | 1,623   | 1,496   |
| **Total financial assets due within one year less donor restrictions** | **27,628** | **33,504** |

| Amounts unavailable to management without Board’s approval: |         |         |
| Board designated for Quasi-Endowment                  | 2,733   | -       |
| **Total financial assets available to management for general expenditure within one year** | **$19,798** | **$24,099** |

### 15. Subsequent Events

Americares has evaluated subsequent events through November 5, 2019, the date these consolidated financial statements were available for issuance, and noted no events that require consideration for adjustments to, or disclosure in the consolidated financial statements.
SUPPLEMENTARY INFORMATION
## AMERICARES FOUNDATION, INC. AND AFFILIATE

### CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

As of June 30, 2019 and 2018

(In thousands)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Americas Foundation, Inc.</th>
<th>Americas Free Clinics, Inc.</th>
<th>Total June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$17,138</td>
<td>$238</td>
<td>$17,376</td>
</tr>
<tr>
<td>Investments</td>
<td>26,998</td>
<td>-</td>
<td>26,998</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>4,965</td>
<td>13</td>
<td>4,978</td>
</tr>
<tr>
<td>Other receivables</td>
<td>807</td>
<td>-</td>
<td>807</td>
</tr>
<tr>
<td>Inventory, net</td>
<td>165,303</td>
<td>153</td>
<td>165,456</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>4,599</td>
<td>44</td>
<td>4,643</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>219,810</strong></td>
<td><strong>448</strong></td>
<td><strong>220,258</strong></td>
</tr>
<tr>
<td>NONCURRENT ASSETS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>568</td>
<td>-</td>
<td>568</td>
</tr>
<tr>
<td>Property held for investment</td>
<td>225</td>
<td>-</td>
<td>225</td>
</tr>
<tr>
<td>Beneficial interest in split-interest agreements -</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perpetual assets held in trust</td>
<td>3,404</td>
<td>-</td>
<td>3,404</td>
</tr>
<tr>
<td>Trust agreements</td>
<td>55</td>
<td>-</td>
<td>55</td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td><strong>4,252</strong></td>
<td>-</td>
<td><strong>4,252</strong></td>
</tr>
<tr>
<td>Property and equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building and land</td>
<td>1,264</td>
<td>-</td>
<td>1,264</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>3,712</td>
<td>108</td>
<td>3,820</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>2,990</td>
<td>955</td>
<td>3,945</td>
</tr>
<tr>
<td>Accumulated depreciation and amortization</td>
<td>(5,430)</td>
<td>(905)</td>
<td>(6,335)</td>
</tr>
<tr>
<td><strong>Net property and equipment</strong></td>
<td><strong>2,136</strong></td>
<td><strong>158</strong></td>
<td><strong>2,294</strong></td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td><strong>6,388</strong></td>
<td><strong>158</strong></td>
<td><strong>6,546</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$226,198</strong></td>
<td><strong>$606</strong></td>
<td><strong>$226,804</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>CURRENT LIABILITIES</th>
<th>Americas Foundation, Inc.</th>
<th>Americas Free Clinics, Inc.</th>
<th>Total June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$6,030</td>
<td>$254</td>
<td>$6,284</td>
</tr>
<tr>
<td>Committed subgrants</td>
<td>1,001</td>
<td>-</td>
<td>1,001</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>203</td>
<td>-</td>
<td>203</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>7,234</strong></td>
<td><strong>254</strong></td>
<td><strong>7,488</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONCURRENT LIABILITIES</th>
<th>Americas Foundation, Inc.</th>
<th>Americas Free Clinics, Inc.</th>
<th>Total June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities under split-interest agreements</td>
<td>2,897</td>
<td>-</td>
<td>2,897</td>
</tr>
<tr>
<td>Loan payable and capital leases</td>
<td>20</td>
<td>300</td>
<td>320</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td><strong>2,917</strong></td>
<td><strong>300</strong></td>
<td><strong>3,217</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>10,151</strong></td>
<td><strong>554</strong></td>
<td><strong>10,705</strong></td>
</tr>
</tbody>
</table>

### NET ASSETS

<table>
<thead>
<tr>
<th>Without donor restrictions</th>
<th>Americas Foundation, Inc.</th>
<th>Americas Free Clinics, Inc.</th>
<th>Total June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>64,990</td>
<td>42</td>
<td>65,032</td>
<td></td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>151,057</td>
<td>10</td>
<td>151,067</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>216,047</strong></td>
<td><strong>52</strong></td>
<td><strong>216,099</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$226,198</strong></td>
<td><strong>$606</strong></td>
<td><strong>$226,804</strong></td>
</tr>
</tbody>
</table>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.
## AMERICARES FOUNDATION, INC. AND AFFILIATE
### CONSOLIDATING SCHEDULE OF ACTIVITIES

**For the year ended June 30, 2019**

*(In thousands)*

### CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

<table>
<thead>
<tr>
<th></th>
<th>Americares Foundation, Inc.</th>
<th>Americares Free Clinics, Inc.</th>
<th>Intercompany Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT AND REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and private grants</td>
<td>$26,298</td>
<td>$1,634</td>
<td>(300)</td>
<td>$27,632</td>
</tr>
<tr>
<td>Government grants</td>
<td>1,388</td>
<td>-</td>
<td></td>
<td>1,388</td>
</tr>
<tr>
<td>Donated medical and disaster supplies</td>
<td>205,124</td>
<td>1,700</td>
<td>(1,700)</td>
<td>205,124</td>
</tr>
<tr>
<td>Contributed services and facilities</td>
<td>421</td>
<td>9,987</td>
<td>-</td>
<td>10,408</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>811,834</td>
<td>927</td>
<td>-</td>
<td>812,761</td>
</tr>
<tr>
<td>Total public support</td>
<td>1,045,065</td>
<td>14,248</td>
<td>(2,000)</td>
<td>1,057,313</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment return</td>
<td>1,380</td>
<td>3</td>
<td>-</td>
<td>1,383</td>
</tr>
<tr>
<td>Other revenue</td>
<td>2,512</td>
<td>-</td>
<td>-</td>
<td>2,512</td>
</tr>
<tr>
<td>Change in value of split-interest agreements</td>
<td>(578)</td>
<td>-</td>
<td>-</td>
<td>(578)</td>
</tr>
<tr>
<td>Total revenue</td>
<td>3,974</td>
<td>3</td>
<td>-</td>
<td>3,977</td>
</tr>
<tr>
<td>Total support and revenue</td>
<td>1,048,379</td>
<td>14,251</td>
<td>(2,000)</td>
<td>1,060,630</td>
</tr>
</tbody>
</table>

### EXPENSES

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution of donated medical and disaster supplies</td>
<td>982,534</td>
<td>2,085</td>
<td>-</td>
<td>984,619</td>
</tr>
<tr>
<td>Other program expenses</td>
<td>78,972</td>
<td>12,300</td>
<td>(2,000)</td>
<td>89,272</td>
</tr>
<tr>
<td>Total program services</td>
<td>1,061,506</td>
<td>14,385</td>
<td>(2,000)</td>
<td>1,073,891</td>
</tr>
<tr>
<td><strong>Supporting services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>5,615</td>
<td>123</td>
<td>-</td>
<td>5,738</td>
</tr>
<tr>
<td>Fundraising</td>
<td>12,839</td>
<td>135</td>
<td>-</td>
<td>12,974</td>
</tr>
<tr>
<td>Total supporting services</td>
<td>18,454</td>
<td>258</td>
<td>-</td>
<td>18,712</td>
</tr>
<tr>
<td><strong>Total expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,079,960</td>
<td>14,643</td>
<td>(2,000)</td>
<td>1,092,603</td>
</tr>
<tr>
<td>Decrease in net assets without donor restrictions</td>
<td>(31,581)</td>
<td>(392)</td>
<td>-</td>
<td>(31,973)</td>
</tr>
</tbody>
</table>

### CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and private grants</td>
<td>22,029</td>
<td>843</td>
<td>-</td>
<td>22,872</td>
</tr>
<tr>
<td>Donated medical and disaster supplies</td>
<td>719,266</td>
<td>-</td>
<td>-</td>
<td>719,266</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(811,834)</td>
<td>(927)</td>
<td>-</td>
<td>(812,761)</td>
</tr>
<tr>
<td>Total public support</td>
<td>(70,539)</td>
<td>(84)</td>
<td>-</td>
<td>(70,623)</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment return</td>
<td>235</td>
<td>-</td>
<td>-</td>
<td>235</td>
</tr>
<tr>
<td>Other revenue</td>
<td>50</td>
<td>-</td>
<td>-</td>
<td>50</td>
</tr>
<tr>
<td>Change in value of split-interest agreements</td>
<td>(28)</td>
<td>-</td>
<td>-</td>
<td>(28)</td>
</tr>
<tr>
<td>Total revenue</td>
<td>257</td>
<td>-</td>
<td>-</td>
<td>257</td>
</tr>
<tr>
<td>Decrease in net assets with donor restrictions</td>
<td>(70,282)</td>
<td>(84)</td>
<td>-</td>
<td>(70,366)</td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>(101,863)</td>
<td>(476)</td>
<td>-</td>
<td>(102,339)</td>
</tr>
<tr>
<td><strong>Net assets, beginning of year:</strong></td>
<td>317,910</td>
<td>528</td>
<td>-</td>
<td>318,438</td>
</tr>
<tr>
<td><strong>Net assets, end of year:</strong></td>
<td>$216,047</td>
<td>$52</td>
<td>-</td>
<td>$216,099</td>
</tr>
</tbody>
</table>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.
**AMERICARES FOUNDATION, INC. AND AFFILIATE**

**SCHEDULE OF FUNCTIONAL EXPENSES - AMERICARES FOUNDATION, INC.**

For the year ended June 30, 2019

(In thousands)

<table>
<thead>
<tr>
<th>Grants, Awards and Program-Related Expenses</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and General</td>
<td>Fundraising</td>
</tr>
</tbody>
</table>

**FUNCTIONAL EXPENSES**

<table>
<thead>
<tr>
<th>Grants, Awards and Program-Related Expenses</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and General</td>
<td>Fundraising</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Grants, Awards and Program-Related Expenses</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and related payroll expenses</td>
<td>$14,414</td>
<td>$3,710</td>
</tr>
<tr>
<td>Rent and other occupancy costs</td>
<td>$1,798</td>
<td>$402</td>
</tr>
<tr>
<td>Distribution of donated medical and disaster supplies</td>
<td>982,534</td>
<td>-</td>
</tr>
<tr>
<td>Other grants, awards and relief supplies</td>
<td>41,822</td>
<td>-</td>
</tr>
<tr>
<td>Grants to other agencies</td>
<td>3,568</td>
<td>-</td>
</tr>
<tr>
<td>Professional fees and contract services</td>
<td>4,630</td>
<td>630</td>
</tr>
<tr>
<td>Office supplies and equipment</td>
<td>634</td>
<td>365</td>
</tr>
<tr>
<td>Telephone</td>
<td>145</td>
<td>30</td>
</tr>
<tr>
<td>Postage, shipping and warehousing</td>
<td>7,976</td>
<td>4</td>
</tr>
<tr>
<td>Equipment and software rental</td>
<td>146</td>
<td>21</td>
</tr>
<tr>
<td>Promotional expenses</td>
<td>269</td>
<td>9</td>
</tr>
<tr>
<td>Travel</td>
<td>1,912</td>
<td>74</td>
</tr>
<tr>
<td>Insurance and miscellaneous</td>
<td>1,231</td>
<td>322</td>
</tr>
<tr>
<td>Depreciation</td>
<td>427</td>
<td>48</td>
</tr>
<tr>
<td>Total functional expenses</td>
<td>$1,061,506</td>
<td>$5,615</td>
</tr>
</tbody>
</table>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.
### Grants, Awards and Program-Related Expenses

<table>
<thead>
<tr>
<th>Expense Description</th>
<th>Grants, Awards</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and related payroll expenses</td>
<td>$1,886</td>
<td>$111</td>
</tr>
<tr>
<td>Rent and other occupancy costs</td>
<td>$185</td>
<td>$8</td>
</tr>
<tr>
<td>Distribution of donated medical and disaster supplies</td>
<td>$2,085</td>
<td>-</td>
</tr>
<tr>
<td>Other grants, awards and relief supplies</td>
<td>$99</td>
<td>-</td>
</tr>
<tr>
<td>Professional fees and contract services</td>
<td>$9,946</td>
<td>-</td>
</tr>
<tr>
<td>Office supplies and equipment</td>
<td>$28</td>
<td>-</td>
</tr>
<tr>
<td>Telephone</td>
<td>$20</td>
<td>$1</td>
</tr>
<tr>
<td>Postage, shipping and warehousing</td>
<td>$3</td>
<td>-</td>
</tr>
<tr>
<td>Equipment and software rental</td>
<td>$10</td>
<td>$1</td>
</tr>
<tr>
<td>Promotional expenses</td>
<td>$8</td>
<td>-</td>
</tr>
<tr>
<td>Travel</td>
<td>$23</td>
<td>-</td>
</tr>
<tr>
<td>Insurance and miscellaneous</td>
<td>$60</td>
<td>$2</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$32</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total functional expenses</strong></td>
<td><strong>$14,385</strong></td>
<td><strong>$123</strong></td>
</tr>
</tbody>
</table>

### Supporting Services

<table>
<thead>
<tr>
<th>Management</th>
<th>General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$111</td>
<td>$9</td>
<td>$122</td>
<td>$2,119</td>
</tr>
<tr>
<td>$8</td>
<td>$9</td>
<td>$202</td>
<td>$202</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>$2,085</td>
<td>$2,085</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>$99</td>
<td>$99</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>$9,946</td>
<td>$9,946</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>$28</td>
<td>$28</td>
</tr>
<tr>
<td>-</td>
<td>$1</td>
<td>$1</td>
<td>$22</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$3</td>
</tr>
<tr>
<td>-</td>
<td>$1</td>
<td>$1</td>
<td>$12</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$8</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$23</td>
</tr>
<tr>
<td>-</td>
<td>$2</td>
<td>$2</td>
<td>$64</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$32</td>
</tr>
</tbody>
</table>

**Total functional expenses**: $14,385 $123 $135 $14,643

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.
### CONSOLIDATED STATEMENT OF PROGRAM EXPENSES

For the year ended June 30, 2019, with summarized comparative totals for 2018

(In thousands)

<table>
<thead>
<tr>
<th></th>
<th>Access to Medicine</th>
<th>Emergency Programs</th>
<th>Clinical Services and Community Health</th>
<th>2019 Total</th>
<th>2018 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and related payroll expenses</td>
<td>$3,541</td>
<td>$7,170</td>
<td>$5,589</td>
<td>$16,300</td>
<td>$12,095</td>
</tr>
<tr>
<td>Rent and other occupancy costs</td>
<td>667</td>
<td>625</td>
<td>691</td>
<td>1,983</td>
<td>1,788</td>
</tr>
<tr>
<td>Distribution of donated medical and disaster supplies</td>
<td>964,757</td>
<td>16,805</td>
<td>3,057</td>
<td>984,619</td>
<td>1,254,703</td>
</tr>
<tr>
<td>Other grants, awards and relief supplies</td>
<td>39,246</td>
<td>646</td>
<td>329</td>
<td>40,221</td>
<td>27,031</td>
</tr>
<tr>
<td>Grants to other agencies</td>
<td>520</td>
<td>2,116</td>
<td>632</td>
<td>3,268</td>
<td>5,355</td>
</tr>
<tr>
<td>Professional fees and contract services</td>
<td>2,193</td>
<td>1,835</td>
<td>10,548</td>
<td>14,576</td>
<td>9,091</td>
</tr>
<tr>
<td>Office supplies and equipment</td>
<td>245</td>
<td>218</td>
<td>199</td>
<td>662</td>
<td>517</td>
</tr>
<tr>
<td>Telephone</td>
<td>45</td>
<td>57</td>
<td>63</td>
<td>165</td>
<td>186</td>
</tr>
<tr>
<td>Shipping, postage and warehousing</td>
<td>7,001</td>
<td>352</td>
<td>626</td>
<td>7,979</td>
<td>6,294</td>
</tr>
<tr>
<td>Equipment and software rental</td>
<td>61</td>
<td>33</td>
<td>62</td>
<td>156</td>
<td>136</td>
</tr>
<tr>
<td>Promotional expenses</td>
<td>70</td>
<td>92</td>
<td>115</td>
<td>277</td>
<td>250</td>
</tr>
<tr>
<td>Travel</td>
<td>346</td>
<td>1,143</td>
<td>446</td>
<td>1,935</td>
<td>1,761</td>
</tr>
<tr>
<td>Insurance and miscellaneous</td>
<td>3</td>
<td>809</td>
<td>479</td>
<td>1,291</td>
<td>947</td>
</tr>
<tr>
<td>Depreciation</td>
<td>158</td>
<td>63</td>
<td>238</td>
<td>459</td>
<td>579</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,018,853</strong></td>
<td><strong>$31,964</strong></td>
<td><strong>$23,074</strong></td>
<td><strong>$1,073,891</strong></td>
<td><strong>$1,320,733</strong></td>
</tr>
</tbody>
</table>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.